

SENATE.

WEDNESDAY, January 20, 1915.

(Legislative day of Friday, January 15, 1915.)

The Senate reassembled at 11 o'clock a. m., on the expiration of the recess.

THE MERCHANT MARINE.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 6856) to authorize the United States, acting through a shipping board, to subscribe to the capital stock of a corporation to be organized under the laws of the United States or of a State thereof or of the District of Columbia to purchase, construct, equip, maintain, and operate merchant vessels in the foreign trade of the United States, and for other purposes.

Mr. BURTON. Mr. President, on yesterday I spoke of the delay of ships in foreign ports as one reason for the present condition and also as a ground for increase of rates. In the minds of some this constitutes the most serious feature of the condition which now exists. I have received a letter from the vice president and manager of the International Mercantile Marine Co. which is so apposite to this subject that I will read it to the Senate:

INTERNATIONAL MERCANTILE MARINE CO.,
OFFICE OF THE VICE PRESIDENT,
No. 9 Broadway, New York, January 19, 1915.

Hon. T. E. BURTON,
United States Senate, Washington, D. C.

MY DEAR SENATOR: Your favor of the 18th instant received, and I expect to write you to-morrow giving the information which you desire regarding the Liverpool Cotton Exchange.

The shipping situation to-day is very seriously complicated by the terrible congestion which exists in ocean traffic at all the principal European ports, including London, Liverpool, Genoa, and Havre, and the result is that steamers are being delayed many weeks in port there instead of being dispatched in not over one week, so that you will readily understand it takes many more steamers to do the same work than under normal conditions.

In the case of our London service, we have 10 steamers to-day doing the work of 5 in ordinary times, and the cost of operation is therefore tremendously increased, without any proportionate advantage to either the shipper or shipowner.

The facilities of the ports are being taxed to their very utmost, and I can see no reason to hope that conditions will materially change as long as the war lasts, as labor of all kinds is very scarce in Europe on account of the drain of the war.

Meanwhile steamers are being detained at Havre and London for six weeks, and longer in many cases, and the whole situation is causing us the most grave concern.

Yours, very truly,

P. A. S. FRANKLIN.

There is a reference in the letter to the resolution or other action taken by the Liverpool Cotton Exchange about which, when I receive more complete information, I shall again address the Senate. I think this is one serious factor in the cotton situation. As I understand, at the very beginning of the war the Liverpool Cotton Exchange decided not to make any further purchases. As this is one of the principal sources of the demand for this staple, such action must have inevitably caused a decreased demand and a lowering of the price.

I have already taken up in the list of questions the first five. They are given on pages 1863 and 1864 of the RECORD of Monday's proceedings. I now take up question No. 6:

"6. Will it be the policy to operate the boats on a profit or no-profit basis? If on a no-profit basis, will it not drive all American shipping off the routes invaded? If on a profit basis, can you demonstrate on what routes and by what economic saving this can be accomplished to better advantage than by private shipping?"

In a way this question is the most vital of all. What is intended? How are we to know about this? How is the country to know? Will these boats be purchased and operated at a great loss, or will they be operated in the same manner in which private enterprises are conducted? It goes without saying that if they are operated at a loss this bill is merely an indirect means of providing a subsidy to some, and a subsidy which will not be of general benefit to the people at large, for no such line could carry more than a comparatively insignificant fraction of the exports of the United States. This can not be too clearly understood. These boats acquired by the Government would not carry more than a twentieth of the foreign trade of the United States. If it is the policy to carry this proportion of exports or imports at a loss, some special interest or locality will gain the benefit.

I wish to call attention again to the incongruous, the awkward, the unprecedented method that this bill proposes for entering into the shipping business. The Government of the United States does not buy these boats direct. There is the device of a corporation. That corporation is to be organized under the laws of any State of the Union or of the District of Columbia or under the Federal law. As was pointed out by the Senator from Minnesota [Mr. NELSON] yesterday, there is no Federal law of

a general nature under which there could be an incorporation. I suppose we might enact a special statute which would authorize the incorporation of a shipping company. That is a very unusual thing to do, but it might be done.

Now, let us examine the other provisions of the bill. Fifty-one per cent of the capital stock is to be subscribed by the Government of the United States; 49 per cent by private subscribers, if they will take it.

Mr. NELSON. Mr. President—

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Minnesota?

Mr. BURTON. I do.

Mr. NELSON. I think the Senator is in error. He stated that these vessels would be purchased by the corporation.

Mr. BURTON. I perhaps should not have said that. They are to be operated by the corporation. They are to be purchased and turned over to the corporation.

Mr. NELSON. In the substitute which will be pressed here the very first line reads as follows:

That the President is hereby authorized to acquire, by purchase or construction,

It is the President himself, not even the board that is provided for in the bill, not the corporation but simply the President.

Mr. BURTON. That is correct. Eventually, however, they are to be turned over to the corporation for operation.

It is improbable that any considerable private subscriptions will be made. There will be such doubt as to cause hesitancy in this regard. But it is a corporation, like any of the corporations of the country, which is expected to conduct this business and operate these ships. At least, calculations should be made of what would happen in case there should be private subscribers. Possibly some might subscribe for a sinister purpose. Others might subscribe in order that they might have an opportunity to control the operations. Others possibly might subscribe in the hope that it will be profitable.

Mr. NELSON. Mr. President—

The VICE PRESIDENT. Does the Senator from Ohio yield further to the Senator from Minnesota?

Mr. BURTON. I do.

Mr. NELSON. Has the Senator any idea that anyone will subscribe outside of the Government for this stock?

Mr. BURTON. I think they may. Even though they do not subscribe from the ordinary motives which actuate investors.

Mr. NELSON. Necessarily there will have to be enough subscribers to qualify the directors under the State law or under whichever law the corporation is incorporated. The directors and officers will probably have to own some stock to be qualified.

Mr. BURTON. Even those who are acting in the interest of the Government will have to acquire stock.

Mr. NELSON. Outside of that, does the Senator believe that anyone else will subscribe for the stock?

Mr. BURTON. As I have said, I think they may for a sinister motive, if for no other.

Mr. KENYON. Could there be any other purpose than a sinister one? Here is 51 per cent of stock which represents a proposition of not making money. The 49 per cent would represent the proposition of making money, and who would subscribe for stock where a majority of the stock represented a proposition of not making money, but merely for the public interest? I think the Senator from Minnesota [Mr. NELSON] is right; there would not be anyone who would subscribe unless it should be for a sinister purpose. But what would be the sinister purpose?

Mr. BURTON. I am coming to that in a minute. Of course, if they were actuated by the ordinary motives which induce persons to subscribe to the stock of corporations we would not expect that a dollar of the 49 per cent would be taken except under this very absurd and incongruous condition, which would make it necessary for those who represent the Government to subscribe to a part of the 49 per cent.

Mr. KENYON. Had we not as well face the proposition and take all the stock?

Mr. BURTON. So far as the financial backing is concerned.

Mr. KENYON. That is the practical question.

Mr. BURTON. Under the incorporation laws of all the States there are two classes of corporations recognized; corporations for profit and corporations not for profit. The former class includes the ordinary business corporation which is organized in order to provide larger capital and secure the superior advantages which naturally belong to an incorporated company as compared with an individual or partnership.

Corporations not for profit are formed for a variety of purposes, benevolent, educational, and the like. In my own State, and I think in many others, the directors of corporations not for profit are personally liable for debts, but I take it this corporation would necessarily be classed as a corporation for profit.

Now, in answer to the question of the Senator from Iowa [Mr. KENYON], let me call his attention to what might happen—and, in fact, has happened—under the form of incorporation in vogue in the States. A few persons—possibly for the sake of defeating the very objects of this bill—would take stock. They might subscribe in such a way that no one could foresee their motives; but they would be stockholders. They would be entitled to representation on the board of directors. I think the Government of the United States would be the very last organization to deny to minority stockholders representation on the board of directors. That might be very well in some big trust or monopoly, but it would not do for the United States. The corporation would begin to do business with one or more minority directors. It might decide upon purchasing a boat at a very high price or upon contracting for the construction of a boat at an enormous figure; then the minority director might protest and say: "This is a wasteful method." Suppose we pass over that contingency, however, on the ground that this bill is intended to meet an emergency. The corporation begins to do business, and shippers say: "What did you organize this corporation for? Was it not to give us cheaper rates?" Suppose cheaper rates are fixed from the ports of the United States to foreign countries than the prevailing rates in the shipping market and that such rates were unprofitable. What would then happen? Immediately the minority directors or the minority stockholders go into the courts and say: "We object to this method of procedure. This corporation is not established for altruistic purposes; it was established as a business enterprise. As minority stockholders we are entitled to a reasonable profit on our investment. Though our holdings be small, you can not confiscate our property."

If that proposition were to be taken into the courts, it is not difficult to see what the result would be. The courts ever guard with the utmost sacredness the rights of the minority. Suppose some district attorney comes in and says, "Oh, these subscribers came here as trouble makers. They did not come in good faith." In the first place, it would be very difficult to prove that fact. Again, it might not be true. There is a great variety of motives which lead men to make investments. Nothing is more manifest from an examination of investments than that some persons invest without consideration. As Mr. Bagehot says in explaining the cause of a crisis, "a great many stupid people have a great deal of stupid money," and the glamor which pertains to a Government corporation might lead a considerable number of investors to place their money in the venture.

Now, I should like to have an explanation from some one defending this bill how a court would rule in such a case. Would the corporation answer, "We are running this corporation not for the benefit of the stockholders, not in the ordinary way in which corporations are managed, but with a view to accomplishing a broad general purpose in the lowering of freight rates on transoceanic traffic"?

Why, Mr. President, that answer would not hold. The conclusive reply to such a position would be, "If you are entering the shipping business for the purpose of lowering freight rates, why does not the Government do it directly with its own money and with its own agencies? They are abundant for the purpose."

Mr. KENYON. Mr. President—

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Iowa?

Mr. BURTON. Certainly.

Mr. KENYON. The Senator from Ohio has answered my question and has confirmed the thought that was in my mind. This scheme of having the public buy any of this stock while the Government is to control 51 per cent of it is an utterly non-practical scheme.

Mr. BURTON. Yes.

Mr. KENYON. And, as the Senator suggests, nobody would buy any of this stock except for some ulterior purpose. If they did, they would be candidates for the insane asylum, I should think, or should have a guardian appointed. Now, what ought to be done, if anything is done? Is it not true that the Government ought to take hold of it, and not by subterfuge, such as is contained in this bill, try to deceive the public into the impression that they are to have an opportunity to buy something that is worth something, when in fact it is not?

Mr. BURTON. Yes.

Mr. KENYON. The fault I find with this section is that it is in the nature of a subterfuge. It is not frank when we come to analyze it. I should like to see the Government take hold of the matter and control it entirely. Of course, I know the Senator from Ohio, and I do not agree on that proposition. But, so far as that paragraph is concerned, we might agree that that would be the only way that it could be done, and that this paragraph is not at all feasible.

Mr. BURTON. As the Senator from Iowa has suggested, this is in reality a subterfuge. It is proposing that nearly half of the stock of this corporation may be open to subscription by citizens of the United States; and yet, if I can interpret what is in the minds of the advocates of this bill, it is an invitation to them to throw away their money, saying to them, "The Government, rich as it is, wants to go into a venture that will surely be a losing one; but we only wish to bear 51 per cent of the loss. We wish the good people who have the money to bear the rest of it, and thereby perhaps lose all that they have."

Mr. BRISTOW. Mr. President—

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Kansas?

Mr. BURTON. Certainly.

Mr. BRISTOW. Let me inquire of the Senator from Ohio if the Government did not find it desirable to purchase the outstanding shares of the stock of the Panama Railroad Co., so as to get complete control of that corporation, finding that a minority stockholder would be embarrassing to the Government in the operation of the corporation and really a menace to its proper administration?

Mr. BURTON. Certainly; that was a transaction of that character.

I want here to call attention to a fact suggested by the question of the Senator from Kansas. Under this bill you are seeking to create a condition which the Government in its management of that corporation sought to terminate; that is, in this bill you are reaching out for private subscribers, while in the practical management of the Panama Railroad the effort of the Government, after a trial, was to do away with private subscribers. It would be to utterly ignore the lesson taught in the management of that corporation. Of course, it is the general impression that private individuals will not subscribe to the stock, but I do not know whether that will prove entirely true.

Is it best, even so, to leave the management of this corporation entirely to a system of bureaucracy? Would it not be better to have an infusion of private ownership as a check upon wasteful or extravagant management? The proposition is one that is startling in the extreme. It is a proposition to give to the executive department of the Government the right not only to subscribe \$10,000,000 of stock to be paid from the Treasury of the United States, 51 per cent in the first instance and 49 per cent additional if the private subscribers do not take it, but that is not the end of it. The Government can go on until the subscriptions aggregate twenty millions, forty millions, one hundred millions, or any other amount, until the day when Congress should raise its hand and say, "This whole project is wrong, and we will repeal the law."

Suppose, on the other hand, this enterprise is to be conducted on a profit basis, as corporations are expected to be operated. To what conclusion will that bring us? In the first place, you will be putting in control of this corporation men either without any experience at all or men of far less experience in the business than those now engaged in it. You will be introducing into the freight trade across the ocean men who have no affiliations with shippers, men who have not the capability or the opportunity to obtain freight charters as those have who are already engaged in this occupation.

Still further, as I suggested a day or two ago, the mere running of ships does not constitute freight traffic. It is necessary to have wharves and warehouses and terminals where the freight can be loaded and unloaded. When ships have been purchased and the line started there immediately arises a necessity for the accessories of the shipping business, and oftentimes they are not only an important part, but the most important part of the business.

The proposed shipping board would also be confronted with the condition that Government management always costs more than does private management. I ask the proponents of this measure what would be the advantage over privately owned ships? You can search far and wide and find no advantages, but manifold disadvantages.

Mr. NELSON. Mr. President, I desire to ask the Senator from Ohio a question. I find, on examining the corporation laws of the various States and of the District of Columbia, that they all contemplate that a corporation must be formed by persons. They say such and such persons may form a corporation.

Does the Senator from Ohio believe that under such laws one government can step into the jurisdiction of another government and organize a corporation? Instead of individual effort, is not this a corporation to be formed by the Government of the United States under the laws of a State? Does the Senator know of any instance where that has been done, where one government has sought to create a corporation under the laws of another government?

Mr. BURTON. Such as the United States going into the State of Pennsylvania and forming a corporation, or the State of Pennsylvania going into the State of New Jersey and forming a corporation?

Mr. NELSON. As individuals we will assume that the Senator and I and other Members of this body could, provided we were otherwise qualified, go into any State and form a corporation, signing articles of incorporation as individuals. That is one condition. But here is a case where it is proposed to have individuals, not in their own right or in their own behalf, but as representatives of another Government, the Government of the United States, go into a State and form a corporation, the Government to hold a majority of the stock. Does the Senator believe that that can be done or that it ought to be done?

Mr. BURTON. It certainly ought not to be done.

Mr. SMITH of Georgia. Mr. President—

Mr. BURTON. I will yield to the Senator in a moment. The usual method is for a certain number of persons resident in a State to sign articles of incorporation.

Mr. NELSON. Now, will the Senator allow me further?

Mr. BURTON. In just a moment. Those articles of incorporation are filed with the secretary of state or other official at the capital of the State. Then the signers of the articles of incorporation advertise for stock subscriptions. Fancy the United States Government signing one of those articles.

Mr. NELSON. If the Senator will allow me, the law of the District of Columbia relating to the incorporation of companies, in section 605, provides:

Any three or more persons who desire to form a company for the purpose of carrying on any enterprise or business—

And so forth.

Mr. BURTON. What number of persons is specified?

Mr. NELSON. It says "any three or more persons who desire to form a company." Could the Government of the United States, under that law, form a corporation?

Mr. BURTON. I think not. In the first place the law does not contemplate that the initial steps shall be taken by any except individuals. In the next place it does not contemplate that any Government, State or National, desires to enter into any such enterprise or is qualified to do so.

Mr. SMITH of Georgia. Mr. President, the Senator from Minnesota [Mr. NELSON] has called the Senator's attention to the very subject to which I was going to call his attention.

Mr. FLETCHER. Mr. President, does the Senator think there would be any objection to the members composing the shipping board forming such a corporation? That board will be made up of three persons residing in the District of Columbia, and why could they not take out articles of incorporation under the laws of the District of Columbia, the United States taking 51 per cent of that stock, and such stock being voted by the members of the shipping board as trustees? Would there be any objection to that sort of an organization?

Mr. BURTON. Perhaps there would be no insuperable objection, Mr. President; but while I have no prejudice against industrial corporations, I do not think it is an appropriate or justifiable field of activity for the Federal Government.

Mr. VARDAMAN. Mr. President—

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Mississippi?

Mr. BURTON. Certainly.

Mr. VARDAMAN. I have listened with great interest to the very exhaustive discussion of this question by the Senator from Ohio. I should like to have him explain the difference between the measure under consideration and the system under which the Panama Railroad and Steamship Line is operated.

Mr. BURTON. I am not sure that I am familiar with the management of the Panama Railroad and Steamship Line. The Senator from Kansas [Mr. BRISTOW] no doubt can furnish the information.

Mr. BRISTOW. Mr. President, all of the stock of the Panama Railroad Co. is owned by the Government of the United States. It is held in trust by the Secretary of War for the Government. It is managed by a board of directors, of which the Secretary of War is the chairman, or formerly was. The board of directors elect officers, including a general manager, and that general manager, who is also vice president, attends to the executive business of the corporation. He charts or pur-

chases ships upon the authorization of the board of directors; but, as I have said, the Government owns all the stock of the corporation.

Mr. VARDAMAN. I understand that it is a corporation organized under the laws of the State of New York.

Mr. BRISTOW. Yes; it is organized under the laws of the State of New York. Under the law each director must have a share of stock in his name; so the directors nominally do have stock, a share being transferred to each of them, which they hold in trust for the Government. In this way they are qualified under the laws of the State of New York to act as directors.

Mr. BURTON. But, Mr. President, it is desirable to call attention to the very essential difference between the Government's participation in that transaction and the one proposed by this bill. The Government proceeded with the construction of the Panama Canal. In such construction it was necessary to have a railroad paralleling the proposed canal route. That railroad was necessary for the carriage of supplies; it was especially required for the carrying away of material excavated in the numerous cuts. The Government of the United States could have built another railway at its own expense as a part of the means of constructing the Panama Canal, but there was a railroad already there which it was thought desirable to acquire.

Mr. VARDAMAN. Mr. President, I understand that the work contemplated by the shipping bill is very different. The Panama Railroad and steamships have been operated by the Government for the purpose of carrying out a Government project.

Mr. BURTON. Yes.

Mr. VARDAMAN. To facilitate the Government's own business. Under the shipping bill the Government is to enter upon an enterprise designed to serve private interests, and, I might add, an enterprise which is expected to be a losing venture from the start and the taxpayers to bear the loss.

Mr. BURTON. Certainly.

Mr. VARDAMAN. I see the difference, but if the Government can operate the one by means of a corporation organized under State law, I should like the Senator to explain why it can not with equal facility operate the other.

Mr. BURTON. I suppose it could do so. I question whether it will appear that the management has compared in efficiency and economy with that of privately owned lines.

Mr. BRISTOW. Mr. President—

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Kansas?

Mr. BURTON. I do.

Mr. BRISTOW. In order that the RECORD may be accurate I desire to state that when the Government acquired from the French company the Panama Canal property among the assets of that company was the Panama Railroad. It had been constructed by the old French company for the purpose, of course, of constructing the canal. The railroad company was among the assets of the French corporation. The question occurred to the President at the time this property was acquired, What should be done with the railroad? That was one of the questions which Mr. Roosevelt had to settle.

There were three propositions made, if I am not interrupting the Senator too far.

Mr. BURTON. No, indeed.

Mr. BRISTOW. One was that it should be sold to private interests and that the Government should then employ this privately controlled, owned, and operated railroad to do the business which was necessary, supplementing the construction of the canal. Another proposition was that the Government should still own it and lease it. The third proposition was that it should retain it and operate it as the French company had.

Mr. Roosevelt finally determined that it was best to keep complete control of the corporation, to acquire all of its stock—Mr. Taft was then Secretary of War and had control of the construction of the canal—and operate it in connection with the construction of the canal, since it was necessary to have the railroad, and while it was not necessary to have the steamships, it was thought desirable to have the steamships. Then, in addition to the Government's own business, which was very heavy, it was thought advisable to continue to operate it as a commercial line, so as to keep open during the period of construction the commercial route of transportation by way of Panama.

So the railroad has been operated by the Government for something like 10 years now, and I think with success. There have been some mistakes made and some things done that I do not think have been justified, but that has not been the fault of the managers of the corporation, but due to political influences, which in my opinion originated in Congress, and not with the administration of the corporation or the canal.

Mr. VARDAMAN. Mr. President, I understand the difference between the work which these companies are designed to perform; and in the case of the Panama Canal I very heartily approve the principle underlying the Government ownership of the ships and the railroad for the purpose of perfecting a great Government scheme. It was in no way similar in that regard, however, to the measure that is now before the Congress. The Government was simply using its own railroad and its own ships to dig the canal, which was thought at that time to be for the benefit of the people of the United States, and to carry on the work necessary to its completion. It seems to me it ought to have been done very much more cheaply than it could have been done if owned by a private company. I do not think it is at all in a class with the measure now being considered by the Congress.

I arose only to ask the Senator a question. I think, however, that notwithstanding the fact that the measure under consideration is intended to build up and promote private interests at Government expense—a scheme which I regard wrong in principle and necessarily disappointing in results—at the same time I can see no reason why it could not be operated and managed under a corporation organized under a State law, just as the Panama Co. is organized and operated. The pernicious principles involved in the general scheme would not affect the practicability of the development and operation of the company.

Mr. BURTON. Mr. President, the Senator from Mississippi has clearly stated the distinction between the two transactions, namely, the acquisition and control of the Panama Railroad and Steamship Line on the one hand, and this proposed corporation for a Government line on the other hand. The supplemental statement of the Senator from Kansas also throws light upon the subject, because it shows how this line came to be acquired, namely, that at least a controlling interest in the stock then belonged to the French New Panama Canal Co., which in 1904 sold its interest to the Government of the United States. So, in acquiring the rights and franchises of that company in the canal, it was found that among their possessions was this railroad, or a majority of the stock. What share of the stock did they possess?

Mr. BRISTOW. They had a very large majority. There were a number of American stockholders and some European stockholders; but there were only about 400 shares that it was difficult to acquire. For quite a time some of the small shareholders hesitated to dispose of their holdings, but finally they were all obtained.

Mr. FLETCHER. Mr. President, may I interrupt the Senator in order to state that the stock was acquired in 1904?

Mr. BURTON. It was acquired in 1904, but under the act of 1902.

Mr. FLETCHER. It was all acquired under what is called the Spooner Act.

Mr. BURTON. That was passed in June, 1902, I believe.

Mr. FLETCHER. That act provided—

That the President of the United States is hereby authorized to acquire, for and on behalf of the United States, at a cost not exceeding \$40,000,000, the rights, privileges, franchises, concessions, grants of land, right of way, unfinished work, plants, and other property, real, personal, and mixed, of every name and nature, owned by the New Panama Canal Co., of France, on the Isthmus of Panama, and all its maps, plans, drawings, records on the Isthmus of Panama and in Paris, including all the capital stock, not less, however, than 68,863 shares of the Panama Railroad Co., owned by or held for the use of said canal company, provided a satisfactory title to all of said property can be obtained.

That is the act.

Mr. BURTON. I understand those shares of capital stock were included in the \$40,000,000, were they not?

Mr. FLETCHER. Precisely.

Mr. BURTON. They were not in addition to that?

Mr. FLETCHER. No, sir.

Mr. BURTON. The reference to that act suggests many interesting reminiscences of a historical nature relating to the act of 1902 and the act of 1899 that I feel tempted to digress, except that it would interfere with the sequence of my remarks.

Mr. FLETCHER. I apologize for mentioning it.

Mr. BURTON. Oh, no apology is necessary. I remember in the House the conference report on the Spooner Act was adopted by an overwhelming majority, although a large majority of the Members of the House favored the Nicaraguan route.

Mr. WEEKS. Mr. President—

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Massachusetts?

Mr. BURTON. I do.

Mr. WEEKS. As the cost of operation has been referred to, it may be of interest at this time to insert the percentages of

cost of operation since the Panama Railroad came under Government control. Of course, it is impossible to make comparisons which will be absolutely accurate in every instance without knowing the conditions that surround each transaction, but it may be depended upon without any question—at least, that is the history of the world—that in the case of a Government operation politics will enter in and the operating expenses will increase, while the rates which will be charged to the public will be decreased, preventing successful net results.

In the case of the Panama Railroad, the property was operated as a private corporation in the year 1904, and the percentage of operating expenses to earnings was 62 per cent. In 1905, the first year it was operated by the Government, the operating expenses jumped to 77½ per cent and the next year to 79½ per cent. In 1907 they were 74½ per cent; in 1910 they were 71.4 per cent; in 1911, 70.8 per cent. They have averaged, under Government operation, about 75 per cent of the gross earnings, against 62 per cent when under private operation, and this notwithstanding the fact that the earnings have greatly increased on account of the building of the canal. That is, they have increased 84 per cent since the Government took over the railroad, while the operating expenses have increased 105 per cent.

Mr. BURTON. I will suggest to the Senator from Massachusetts that it is impossible to derive any inference from those figures without carefully analyzing them. It is true, on the bald statement, that the percentage of operating expenditures to earnings was much greater under Government operation than under private enterprise; but is not that a mere matter of bookkeeping? The main part of the work of that railway was hauling away dirt from the Culebra Cut and other places where excavating was done. If the price charged for hauling away that dirt was high, that would mean one percentage of operating expenses to income, while if the price was low, it would mean an entirely different percentage. Thus it is really, after all, a matter of bookkeeping.

Mr. BRISTOW. Mr. President, I desire to state to the Senator that the Panama Railroad Co. did not do the excavating work.

Mr. BURTON. Oh, no; but they hauled away the dirt.

Mr. BRISTOW. No; that was done by the Canal Commission. The Isthmian Canal Commission did that. The Panama Railroad Co. operated the steamship line, operated the railroad line across the Isthmus, hauled the freight of the Government to the various stations along the route, and also operated the commissary department; and the canal company bought from the railroad company the supplies that fed the men that worked on the canal. The railroad company also operated the hotels.

Mr. BURTON. The railroad company operated the hotels?

Mr. BRISTOW. The railroad company constructed and operated the hotels. Its operations were kept entirely separate; and when the Isthmian Canal Commission employed the railroad company to do anything it paid the railroad the same as it would have paid any other corporation. The actual work of excavation, however, was not done by the railroad company.

Mr. BURTON. Oh, no; of course not; but how about hauling away that dirt?

Mr. BRISTOW. The hauling away was done by engines and cars owned by the commission itself.

Mr. BURTON. Did not the railroad charge for hauling away that dirt?

Mr. BRISTOW. The railroad company was not employed to do the excavating.

Mr. BURTON. Oh, no.

Mr. VARDAMAN. Did they not use the railroad tracks?

Mr. BRISTOW. No; they put in their own tracks.

Mr. BURTON. Part of the way.

Mr. BRISTOW. There might have been some part of this excavation done by the railroad; but the great mass of the excavation was done by means of tracks which the Isthmian Canal Commission itself laid, independent of the railroad.

Mr. BURTON. That is, separate and additional tracks on the main line?

Mr. BRISTOW. Not on the line, but in the canal. Of course the Senator will remember that the canal was excavated from the channel of the canal, while the railroad ran around the canal, and did not run in it at all.

Mr. BURTON. Yes; I have seen that. I visited the canal, and saw that the larger part of the work done by the railroad, or in connection with it, was in hauling that dirt. Did they make any charge for hauling that dirt? That is the question.

Mr. BRISTOW. The hauling of the dirt was very largely done by the Isthmian Canal Commission. If any of it was done by the railroad, it was only incidental. The hauling of the dirt

was done by the Isthmian Canal Commission, with equipment which it owned, independently of the Panama Railroad.

Mr. BURTON. In special cars?

Mr. BRISTOW. Yes.

Mr. WEEKS. I think the Senator will find that in some places the cars of the canal commission did pass over the track of the railroad in going to the point where they dumped the dirt; but that was all the connection the railroad had with the excavation, which was entirely under the direction of the canal commission; and the work was done with equipment furnished by the commission, over tracks laid by the commission. I prefaced what I stated in inserting those figures with the statement that one must know every condition surrounding an operation before coming to a definite conclusion, and yet that is the trend of the result in all Government operations. It does not differ from the results obtained in every other country where a Government operation has been undertaken.

Mr. BRISTOW. Mr. President, if the Senator will yield further to me, in regard to the figures which the Senator from Massachusetts has put in the Record, I do not question their accuracy. I think the result they show is easily accounted for. The Panama Railroad Co., after it became the property of the United States, did increase operating expenses by paying its employees better wages. It also very materially reduced the rates that had been charged, and therefore reduced the percentage of income as against the percentage of expenditure of the corporation.

Mr. BURTON. One question in this connection. If you include the investment of the railroad company, has it not been run at a loss?

Mr. BRISTOW. I think not. I think it has been run at a fine profit.

Mr. BURTON. One thing is certain. They have had a great abundance of business. There is no trouble on that score.

Mr. BRISTOW. Of course you can not compare the Panama Railroad Co. and its line of steamships with any other enterprise on the earth, because the United States Government gave it an enormous amount of business, and it was retained and operated because of the influence it would have upon the rates which the Government would have to pay for that business. We shipped hundreds of thousands of tons of cement to the Isthmus, and the tonnage of freight was very great. The Panama Railroad Co. was a competitor for that business. Occasionally, however, a private corporation would underbid it and it would lose the business.

Mr. BURTON. In what way does the Senator mean that it was a competitor?

Mr. BRISTOW. It competed for the business with every other company.

Mr. BURTON. For what business?

Mr. BRISTOW. The Government's business.

Mr. BURTON. What branch of the Government's business?

Mr. BRISTOW. Freight and passengers.

Mr. BURTON. The Senator means the steamship line, not the railroad company?

Mr. BRISTOW. Yes. The railroad had no competitor, of course. It could not have. I refer to the steamship line. Take the steel that was used in the locks; I do not remember exactly, but I know that the Panama Railroad Co. had to bid for the traffic against competitors, foreign and domestic. Sometimes it would underbid, and again it would overbid and lose the business.

Mr. BURTON. We passed a statute, did we not, leaving the field of transportation by boat to the Canal Zone open to foreign vessels as well as domestic vessels?

Mr. BRISTOW. Yes.

Mr. CUMMINS. Will the Senator yield to me for a moment?

Mr. BURTON. Yes.

Mr. CUMMINS. I ask for information largely, although I have an impression about the matter. I speak now of the Panama Railroad as a railroad, not reckoning the steamship operation. It is true, is it not, that the movement of all the Government material across or over any part of the Isthmus was upon the railroad, and it is true, is it not, that the charge for that service by a system of bookkeeping was credited to the Panama Railroad? That is true, is it not? My recollection is that the charge credited to the Panama Railroad for that service was a very large charge as compared with the rate for similar service in the United States. I was rather surprised when I visited Panama to learn something about the rates that were credited to the Panama Railroad for the transportation on the Isthmus itself. I think if it were inquired into it would be found that that rate gave to the Panama Railroad Co. a larger credit than it should have had, considering the service that it rendered.

Mr. BRISTOW. Mr. President, I do not doubt that the rates in many instances were higher than the rates would be on certain great lines in the United States, but I think the conditions were entirely different, so that you could not make a satisfactory comparison. First, the line is only 47 miles long, and then there are difficulties of operation at the terminal facilities; there was the necessity for short hauls, and the nature of the service was such that there could not be any comparison made that would be, in my opinion, equivalent to it.

Mr. CUMMINS. Under and through the construction of the canal it was very easy to make the Panama Railroad Co. a profitable corporation. All that the Government had to do was to give it credit for the service that it rendered upon the Isthmus in a sufficient amount to make the company a profitable enterprise.

Mr. BRISTOW. I desire—

Mr. SMITH of Georgia. Mr. President, I rise to a point of order. I do not object to colloquies between Senators and the Senator from Ohio, but I make the point of order that the Senator from Ohio can not retire from the active control of the debate and leave it to a colloquy between two other Senators.

The VICE PRESIDENT. The Chair will be compelled to sustain that point of order if it is insisted upon.

Mr. BRISTOW. Mr. President—

Mr. BURTON. I yield. I think it is only fair after this inquiry that I should yield to the Senator from Kansas to answer the inquiries which have been propounded to me by the Senator from Iowa and have been repeated to the Senator from Kansas. I think there is no question but what that is in order.

Mr. BRISTOW. I desire to say—

The VICE PRESIDENT. The Chair has doubt about that.

Mr. FLETCHER. I make the point of order that the Senator from Kansas is not in order.

The VICE PRESIDENT. The uniform ruling has been that a Senator may speak twice on any one day. The Chair has heretofore ruled, and he has been sustained by the Senate in the proposition, that it is not yielding the floor to permit a Senator to make an inquiry, but it is yielding the floor for the Senator on the floor to permit somebody else to talk on the subject. The Chair does not believe that it is conducive to the orderly practice of the Senate to permit a Senator to ask a Senator on the floor a question about which he does not know anything and then have him call on somebody else to answer it. The Chair thinks that is simply evading the rule of the Senate.

Mr. BURTON. Well, Mr. President, it has certainly been the custom of the Senate to secure all the information possible on a subject under discussion. The course of procedure outlined by the Chair is certainly in entire conformity with our usual practice. However, I will not insist on that point.

Mr. BRISTOW. Do I understand the Chair to hold that the Senator from Ohio can not yield to me to answer a question which has been propounded?

Mr. SMITH of Georgia. My position is that if the Senator from Ohio yields to the Senator from Kansas to make the explanation the Senator from Ohio loses the floor. I am very much interested in the speech of the Senator from Ohio; I am watching it closely; and I object to interruptions in that way.

Mr. BRISTOW. Mr. President—

Mr. BURTON. I yield to the Senator from Kansas to ask a question.

The PRESIDING OFFICER (Mr. KERN in the chair). The Senator from Ohio yields to the Senator from Kansas for a question.

Mr. BRISTOW. I would like to answer a statement made by the Senator from Iowa in his interrogatory of the Senator from Ohio, because I do not believe that the Senator's statement was fully explanatory of the question that has been asked. If I can do so under the rules without depriving the Senator from Ohio of the floor, I would be glad to proceed.

The PRESIDING OFFICER. Does the Senator from Ohio yield for that purpose or for a question?

Mr. BURTON. For either, provided it does not deprive me of the floor. I suggest to the Senator from Kansas that it would be entirely in accordance with the rules of the Senate to present his answer in the form of a question to me.

Mr. SMITH of Georgia. Mr. President—

The PRESIDING OFFICER. As the present occupant of the chair understands the ruling of the Vice President—and it is a little embarrassing to the present occupant of the chair, who has just been called to it—the Senator from Ohio can yield only for the purpose of having a question asked or hearing a ques-

tion. The Chair does not understand that he can yield for any other purpose without losing the floor.

Mr. NELSON. Mr. President, I do not understand the rule—

Mr. BURTON. Is this a parliamentary inquiry? Otherwise, I wish to proceed.

Mr. NELSON. I wish to address myself to the Chair.

Mr. BURTON. Is it a parliamentary inquiry?

Mr. NELSON. No; I want to address myself to the point of order.

The PRESIDING OFFICER. The Senator from Ohio has the floor. Does he yield to the Senator from Minnesota?

Mr. BURTON. I yield to the Senator from Minnesota for a question or a point of order.

Mr. NELSON. The question that occurs to me is this: I understand an objection was made by—

Mr. BURTON. One minute. I do not wish, of course, to yield my right to the floor.

Mr. NELSON. When a point of order is made—

Mr. BURTON. If a point of order is made—

Mr. NELSON. If one Senator has a right to make a point of order, certainly another Senator has a right to reply to that point of order.

The PRESIDING OFFICER. The point of order has been disposed of, and it is not debatable.

Mr. NELSON. The last point of order was not disposed of.

The PRESIDING OFFICER. The Chair will hold that it was disposed of. The decision of the Chair was not appealed from, and the Senator from Ohio had proceeded after the point of order was disposed of. The Chair will hold that the Senator from Ohio can yield the floor only for the purpose of a question, unless he yields it altogether.

Mr. BURTON. Then, has anyone any question to ask me?

The PRESIDING OFFICER. The Senator from Ohio will proceed in order.

Mr. BURTON. Mr. President, I think it is now clear to the Senate that the transaction pertaining to the ownership of the Panama Steamship Co. is altogether different from the one proposed here. In the first place, the circumstances of the acquisition differentiate it. The French New Panama Canal Co. owned the franchise and had made very considerable excavations; it also owned a fleet of dredges and material for continuing the work of constructing the canal. In that connection they owned the Panama Railway, or rather a majority of the stock. When the purchase was made for \$40,000,000 it vested title in the United States and brought with it the ownership of the Panama Steamship Co.

Another very vital difference is this: The Government was engaged in a colossal engineering enterprise, the construction of the Panama Canal. For the construction of that canal it was necessary to have ready means for the moving of the dirt away from the points of excavation. It was also necessary to have an enormous amount of material brought from the United States or other localities in the form of cement, structural material, and otherwise.

It was desirable that the company bringing the freight should be immediately under the control of the canal commission or officials of the United States. President Roosevelt had, as stated by the Senator from Kansas [Mr. Bristow], three courses before him: One to dispose of this railway, which would have subjected the canal commission and the builders of the canal to very considerable embarrassment; another, not to part with the ownership, but to lease it, which would have had a somewhat similar effect; the third, to retain it. I think he decided wisely in adopting the third course. But it is perfectly evident that both the railway and steamship line were mere adjuncts or incidents to this great governmental work. It is true that as an incident freight was carried across the Isthmus by the railway, and freight was carried in the boats; but that does not change the general nature of the transaction.

Now, what are you seeking here? Without any incidental justification it is proposed that the Government go into a business that from time immemorial has been conducted by private parties. There is no comparison between the two enterprises. They are as far apart as night and morning.

I want to suggest to the Senators that it will be difficult, without very accurate analysis, to derive any conclusions from the operations of the Panama Railroad as to the desirability of Government ownership. It was too largely used merely as an instrument of service in the construction of the canal to be any criterion.

If, as it was suggested by the Senator from Iowa [Mr. Cummins], there was a high charge for moving that dirt, that is one thing. If there was a low charge, that is another. In the one case the percentage of operating expenses, if it was large,

as indicated under Government ownership, carries with it some inference that the enterprise was carelessly or wastefully managed. If the price charged for hauling the dirt was low, it carries an entirely different inference from that first suggested.

There is an interesting field for study in the operation of this railroad and this steamship line. The Senator from Kansas [Mr. Bristow] thinks it was managed successfully, and that its defects, such as there were, arose from the influence of politics. If politics could be interjected into this service, into the construction of a canal, and that, too, by the Government, and where everything else was merely incidental, how would it be possible to avoid the interjection of politics into a Government owned or operated steamship line?

At Panama the railroad was engaged merely in transporting material to be used by the Government in the construction of the canal. If politics could there juggle rates and exert a baneful influence, how much greater would be its opportunity for injury in such an enterprise as is contemplated by this measure now before us.

Mr. President, they would be coming here from every State and district in the Nation to juggle figures and obtain favors. Such influences would be exerted to determine the rates on cargoes, say, from a port on the Gulf of Mexico to some European market. These men, with merchandise to ship, would say, "I know Senator Blank very well" or "I am acquainted with Representative So-and-So, and I will write him and see that a certain rate is fixed." We all know that this interjection of political considerations is the bane of enterprises conducted by any government.

Mr. McCrosky, one of the most ardent advocates of socialism and Government ownership, says that the reason why they can not rely upon Government ownership in Great Britain is that they lack proper administrative bodies to conduct the business. Mr. President, I do not believe the time will come when we in this country will possess the proper administrative bodies to settle these questions impartially.

If there is any one thing with which a man in public life is impressed, it is the fact that the influence of an interested, though selfish, few is far more effective than that of the great multitude who are inert and apparently indifferent. I can not look with any complacency upon the idea of either a Government line of ships or a Government-owned railroad. Their management will be so allied to our political life, so certain to fall under the control of a more or less competent bureaucracy, that I do not believe the best interests of the people could possibly be subserved by such an organization.

Probably other Senators who have considered this matter more carefully than I will discuss the question of Government ownership and its relation to this bill.

I repeat, though, that public ownership does not alarm me as it does many. When there is or should be a monopoly, as, for example, in the case of a public lighting plant, a public gas plant, or possibly even a street railway, or when some consideration of public health or morals is involved, as in the inspection of articles of food, I do not fear public ownership. But when you come to apply it generally to this enormous country, with its varied interests and its colossal enterprises, you face a very different situation.

A new municipality might well adopt public ownership in some of its activities; public ownership might serve well within a small area, as in the case of some of the countries of Europe; it may work well in other countries like Germany, with a trained bureaucracy, though in that country public ownership was adopted not because of economic considerations but for reasons of military exigency. The same is true of Russia. There they had first public ownership, then private ownership, and then they returned to public ownership again. Does anybody contend that this was because the Government of Russia, absolute as it is, thought that public management was better? Far from that. They regarded the railways as an agency for carrying troops in time of war. Both in their construction and operation the railroads were deemed such important agencies for both offensive and defensive military movements that the Government insisted upon retaining absolute control of them.

To return now to another phase of the discussion, suppose the Government contemplates running this proposed line of boats for profit. Does anyone here believe for a moment that the cost will not be greater under Government operation than under private management? I do not think anyone will assert that it will not be greater. You would start then with your corporation under that disadvantage. I wonder whether that feature of the bill will not be eliminated. I wonder whether an attempt will be made to conduct the business in this indirect way or whether it will be done directly, with larger expenses.

and at greater cost, so that if it is run for profit the charges to the shipper must be greater than those of private concerns.

It may be said that the private owner would ask an unreasonable profit or that the Government, despite the greater cost of operation, would make the rates lower. Now, it is an economic law of universal application that where free competition exists in any field, when considerations of risk and the attractiveness of the business are taken into consideration, profits seek a certain level. If the business of carrying goods by sea is more profitable than that of building of houses and renting them, or if it is more profitable than the manufacture of steel, a larger amount of capital will go into the shipping business and more boats will be constructed. When there is an unusually profitable line of enterprise, capital tends to enter it in excessive amounts.

The existence of monopoly may prevent the application of this principle. But if there is any one business which capital is free to enter and in which men of various nations may engage, it is that of shipping. I do not place much stress on the testimony and the reports relative to conference agreements that boats of different lines shall sail at stated intervals from the same ports and on the same routes, because manifestly that is absolutely essential for the profitable conduct of the business, and, instead of promoting excessive profit, it promotes reasonable rates and gives the shipping public opportunities to send their goods to their destination at favorable times and under favorable circumstances. There is really nothing in that argument. If there should be profit in any other line of business, it is just as likely the argument would be advanced here that the Government must enter that field.

Mr. SHERMAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Illinois?

Mr. BURTON. I am glad to yield to the Senator for a question.

Mr. SHERMAN. I should like to inquire of the Senator from Ohio where the Government will get the first \$5,100,000, which is the 51 per cent? I have been examining the reports of the Secretary of the Treasury, and I find that the Government is about \$16,000,000 short on the receipts over the expenditures.

Mr. BURTON. Oh, a little thing like that did not influence those who were framing this bill. I really do not myself see where it is to come from.

Mr. SHERMAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield further?

Mr. BURTON. Certainly.

Mr. SHERMAN. I want to follow that up by stating in the form of a question—

Mr. BURTON. I am willing to yield for a question.

The PRESIDING OFFICER. Does the Senator from Ohio yield for any other purpose than for a question?

Mr. BURTON. I yield for a question only, as I desire to keep within the ruling of the Chair.

Mr. SHERMAN. I will keep within the ruling of the Chair by making an inquiry as a seeker for information.

The PRESIDING OFFICER. The Chair has put the matter in the usual form. Does the Senator from Ohio yield to the Senator from Illinois?

Mr. BURTON. I yield for a question. I am very anxious, Mr. President, to observe the rules as they have been enunciated.

Mr. SHERMAN. I will use my utmost endeavors to do so. I have noticed in the bill—I have to make this preliminary statement in order to render my question intelligible—that it uses the language:

Such corporation may begin business as soon as 51 per cent of such stock has been subscribed and paid for by the United States.

I inquire whether, in view of that language, the bill does not seem to contemplate that there will be some difficulty in the Government making the payment and that the credit would not be extended, because this payment is required to be made in cash?

I desire to follow that up with a further inquiry. In the event the Government could not lay its hands upon the ready money, so to speak, what is the Senator's interpretation of the paragraph of the President's message on page 7, which was delivered on December 8, 1914, referring to the shipping bill, which is as follows:

It should take action to make it certain that transportation at reasonable rates will be promptly provided, even where the carriage is not at first profitable; and then, when the carriage has become sufficiently profitable to attract and engage private capital and engage it in abundance, the Government ought to withdraw.

Having that in mind, the Government having paid the original \$5,100,000 in cash, which it is required to pay previous to the

corporation beginning business, after the operations shall have been put upon something like a paying basis—not that dividends might be paid, because the 49 per cent that might possibly represent private ownership would scorn the thought of sordid profits where a great public benefit is to be conferred—but after the business is put upon a self-sustaining basis, simply paying expenses, if immediately upon reaching that desired point the United States is to withdraw from the business, I wish to inquire what the Government would do in withdrawing? Would it place its interests, the 51 per cent, either of the initial \$10,000,000 or of the \$30,000,000, which is contemplated to be advanced by the sale of bonds under the Panama Canal act, making a potential \$40,000,000, of which the Government would hold 51 per cent—having reached that desired point of self-sustaining operation would the Government in disposing of its holdings put up the stock at public auction, or would it sell through the shipping board its stock? If so, who would the probable purchasers of that stock be? Would they be a favored coterie of those holding the 49 per cent, or some shipping company that might survive governmental competition in this form, or what? Finally would it not wind up with the entire ownership of the public interest in the hands of the representatives of the 49 per cent? If that be so, has not the Government contributed its 51 per cent of the potential \$40,000,000?

Mr. SMITH of Georgia. Mr. President, I make the point of order that the Senator from Illinois is simply presenting a series of questions argumentatively and is not really propounding a question for information to the Senator from Ohio.

The PRESIDING OFFICER. Does the Senator from Ohio yield further to the Senator from Illinois for a question?

Mr. BURTON. I am frank to say that the questions already propounded by the Senator from Illinois are somewhat complex, and there is a considerable number of them. I would prefer that they be given one at a time.

Mr. SHERMAN. I was going on the idea, Mr. President, if I may be allowed to explain to the Senator from Georgia, as he is familiar with court practice, that when the opinion of an expert is required—

Mr. BURTON. Oh, I do not claim to be an expert.

Mr. SHERMAN. Sometimes it is necessary to ask a very long question. I have seen them last half a day when doctors of different sciences were testifying on the stand.

Mr. SMITH of Georgia. I insist that the Senator from Illinois is out of order.

The PRESIDING OFFICER. The Senator from Ohio, as the Chair understands, declines to yield further to the Senator from Illinois.

Mr. BURTON. I should prefer that questions be asked separately.

Mr. SHERMAN. I will comply with the ruling of the Chair and will wait until the Senator from Ohio answers the first question I have asked before requesting the privilege of asking another.

Mr. BURTON. What was the first question?

Mr. SHERMAN. Where the Government would get the \$5,100,000 required to initiate the enterprise?

Mr. BURTON. I suppose they would take that \$5,100,000 out of the Treasury. But there is a provision in the bill that I would like to have the advocates of the measure explain in that connection. It is said that as soon as the \$5,100,000 is subscribed—

Mr. LODGE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Massachusetts?

Mr. BURTON. I will ask the Senator to allow me to get through with this. It is said that as soon as the \$5,100,000 is subscribed the Government may begin business. How will you do it? I ask the lawyers who are favoring this measure to tell me. This \$5,100,000 would have to be subscribed by the United States Government before this corporation could take one single step. Also before this corporation could begin doing business it would have to have its organization and directors; the United States Government can not be a director; there must be persons to act as directors. A part of the additional \$4,900,000, at least, would have to be subscribed by individuals before you could perfect your organization.

The Senator from Illinois has made a valuable suggestion in what he has said. He read from a document—Senators know the source from which it came—to the effect that when this business becomes profitable then private capital in abundance will go into it, but everybody tells us here that we are going to carry freight at a loss. Suppose the Government of the United States embarks on this business, and for a year or six months or any other time conducts the business at a loss, will that bring out capital in abundance to take the place of the

public capital? That shows the kind of calculation or motive that is behind this bill.

Mr. SHERMAN. Mr. President—

The PRESIDING OFFICER (Mr. BRYAN in the chair). Does the Senator from Ohio yield to the Senator from Illinois?

Mr. BURTON. Certainly; for a question.

Mr. SHERMAN. I should like to inquire if the Senator can distinguish any difference between the proposition contained in the President's message and a subsidy in effect?

Mr. BURTON. In form only; in its far-reaching effect it is altogether worse than any proposition for a subsidy that has ever come in here. In the first place, it will cost a great deal more; and, in the next place, it will inure to the benefit of certain commodities or localities. That is absolutely certain.

You can not establish a Government line which can carry only a part of the traffic without favoring certain parts of the country and certain classes of products. Just think what would happen before an election with the pressure brought from different portions of the United States, with the demand made insistently: "We know you, Mr. Commissioner. We have been your friends in the past. Our products are rotting in our ports, and we want a Government ship sent there. We want it sent there quickly, and we want our crops carried to a foreign port at a low price."

I do not wish to subject any bureaucrat of the United States Government to that temptation. It may be they would resist, but I am afraid not. On the other hand, if you leave this to private enterprise it will work itself out in a thoroughly normal manner.

Whatever course you pursue, this enterprise is sure to encounter obstacles at almost every step. As I have pointed out, if it were run on a no-profit basis, the owner of a single share of \$100 could go into the courts and say: "This corporation is not being properly managed. It is not being managed to create a legitimate profit. My property interests are being disregarded," and there would be trouble.

Should the Government acquire all the stock, which is certainly not contemplated by the terms of this bill, it would amount to direct and complete Government ownership. Should the Government seek to run it on the profit basis, then and in that case the charges would be higher than they would be if private enterprise had control of the business.

In all that I am saying, Mr. President and Senators, I do not wish to be understood as opposing the operation by the Government of Army transports or naval auxiliaries. There is no denying that there is an emergency now created by war. If those hulls are capable of carrying any freight at this time, let that be done; but that can be done without any such measure as this. It would be the natural outgrowth of a plan such as that suggested by the junior Senator from Massachusetts [Mr. WEEKS] in a bill which he introduced, and which, as I understand, has passed both Houses.

Mr. LODGE. Mr. President, would it interrupt the Senator if I asked him a question?

Mr. BURTON. Certainly not.

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Massachusetts?

Mr. BURTON. I yield for a question.

Mr. LODGE. I want to ask the Senator this question. He referred to a clause in this bill. Do I understand him to be speaking to the bill or to the substitute?

Mr. BURTON. I have not examined the substitute with the care with which I examined the original bill. What is the clause to which the Senator refers?

Mr. LODGE. It was not so much in reference to the clause. It was the clause to which the Senator from Illinois [Mr. SHERMAN] referred.

Mr. BURTON. The 51 per cent clause?

Mr. LODGE. Yes.

Mr. BURTON. That is certainly in both bills. I certainly am not in error in that.

Mr. LODGE. But of course the pending motion is to substitute.

Mr. BURTON. Yes.

Mr. LODGE. And, under our rules, where the motion is to strike out and insert there are two subjects presented, because we are at liberty to amend the substitute for perfecting purposes or to amend the bill for perfecting purposes. Therefore, we have two subjects before the Senate instead of one under our rules. As we are living in an era of rigid and—if I may say so—sometimes novel parliamentary procedure, I thought it was well that we should be careful to define precisely what we are talking about.

Mr. BURTON. Mr. President, the Senator is unquestionably right in regard to the exceptional parliamentary situation. As

a matter of fact, my examination has been given to the original bill. I should like, however, as a parliamentary inquiry, to ask this question: May I not speak to either proposition?

The PRESIDING OFFICER. The Senator may not know it, but he is discussing the substitute, because that is now pending.

Mr. LODGE. Mr. President, if I may, I should like to be heard for a moment on that point of order.

If this were not a motion to strike out and insert, undoubtedly the only question before the Senate would be the amendment; but this is a motion to strike out and insert, and under our rules it is open to amend both the substitute and the original bill, so that there may be four amendments pending at the same time. That presents two subjects, Mr. President. I think it has always been our practice—and certainly it is clear from that rule—that the two subjects being presented, a Senator who is trying to perfect the substitute or sustaining the substitute addresses his remarks to the substitute. Those who prefer the part that it is proposed to strike out, who prefer the original bill, address themselves to the original bill. I think that has been the invariable practice.

The PRESIDING OFFICER. There is no motion pending except the motion to strike out and insert.

Mr. LODGE. Certainly.

The PRESIDING OFFICER. That is the question now before the Senate.

Mr. LODGE. But that presents two subjects instead of one. There being one amendment pending, if we could not further amend the original bill then I would agree with the Chair, of course.

The PRESIDING OFFICER. Of course that could be done.

Mr. LODGE. That is the only question.

The PRESIDING OFFICER. But the Senator must bear in mind that there is no amendment offered to the original text.

Mr. LODGE. Not yet; but when the motion is to strike out and insert the rules provide that in the case of that one motion, and that alone, there are two subjects before the Senate and not one, as is the universal rule in other cases. In other words, this motion takes it out from the rule which the Presiding Officer has correctly stated.

The PRESIDING OFFICER. When an amendment is offered to the text proposed to be stricken out, then the question which the Senator from Massachusetts raises will be before the Senate; but at present there is but one question pending, and that is the motion to strike out and insert.

Mr. LODGE. Yes; that is quite true. There is but one question before the Senate; but, owing to the peculiarity of the motion, there are two subjects.

Mr. FLETCHER. Mr. President—

Mr. NELSON. In connection with the point of order, Mr. President—

The PRESIDING OFFICER. To whom does the Senator from Ohio yield?

Mr. NELSON. I am not asking a question. It is in reference to the question of order that I am addressing the Chair.

Mr. FLETCHER. Mr. President—

Mr. BURTON. The Senator from Minnesota can certainly state his point of order.

The PRESIDING OFFICER. There is no question of order before the Senate now. The Chair will perhaps pass upon that question of order when it properly comes before the Senate.

Mr. NELSON. What I wanted to say, Mr. President, was that, while the committee has reported a substitute, it has not yet been offered.

Mr. BURTON. I do not know that I can yield to the Senator from Minnesota for a statement. He knows that I would be glad to yield to him if it did not perhaps interfere with the parliamentary procedure.

It may be conceded, Mr. President, on the question of rates, that the present schedule is high; but I especially deprecate the exaggerated figures that have appeared in the public press and, I am compelled to state, have also been given out by some officials of the Government. It has been stated that in some cases rates are ten times as high as they were formerly. If such advances have occurred, they are sporadic and readily explained. I desire to state again the situation at present existing, the like of which was never known before, which has caused an increase of rates. When this condition, growing out of the war, is carefully examined, I ask Senators to show what there is that is abnormal or unusual in an enormous—I use the word "enormous" advisedly—increase in rates.

In addition to the ordinary insurance risk which is carried by shipping companies there is a war risk, varying from three-eighths of 1 per cent per voyage up to—in some instances, I think—as high as 8 per cent. Bear in mind that that is not for the year, as a man insures his house, but for one voyage. On the routes

where the higher rates of insurance are charged, that in itself is enough to justify the doubling or trebling of freight rates. Indeed, the insurance rate for one voyage would be sufficient to wipe out all profits under normal circumstances. A shipowner is confronted with that condition—that if the return on his investment in normal times is 5 or 6 or 7 per cent a year, he will have to pay a larger amount in insurance on a single voyage—since he not only insures his ship but also his cargo—than would be sufficient for a reasonable profit from the 1st of January until the 31st of December. Moreover, \$750,000 is the total amount that will be carried as a war risk on both ship and cargo.

Then there is the great number of ships interned or detained within the ports of countries which do not control the seas at the present time. That includes Germany, Austria-Hungary, and Turkey, and to a partial degree it includes Russia, whose boats can not sail without danger of capture, or at least almost certain destruction from mines, except from the ports of Archangel and Vladivostok. To this must be added, under the head of mercantile marine withdrawn from the service, boats in neutral waters which do not dare venture to sea because of the danger of capture. I have a list of German and Austro-Hungarian ships in the harbors of the United States which I will either present or ask to have inserted at a later time. Their number is very large. Under this general head there is also a third class of boats, which sail on established lines belonging to countries having an alleged mastery of the sea—that is, the allies—which are likely to be captured by cruisers or privateers of the enemy. This includes British and French ships, which are unable to sail with the regularity of the days before the beginning of the war. For instance, a boat of the Lamport & Holt Line, plying between New York and Rio de Janeiro—the *Van Dyck*—has been captured by a German cruiser, and English boats on the Pacific coast have also been captured. Indeed, quite a formidable number of British and French ships have been captured by German warships.

There are those three classes of that subject—boats actually interned in home ports, boats interned in foreign ports belonging to Germany, Austria-Hungary, and so forth, and boats belonging to the allies—exposed to danger of capture or destruction. Then we must add to that an element which is very important on certain routes, and that is the scattering of mines near ports.

The constant dread of the mariner is a hidden obstacle. If there is any one cause of accidents which have brought destruction and death, it is a rock hidden below the surface, upon which the boat strikes and goes to destruction. But far worse than any rock is a hidden mine in the sea. In the first place, mines are located in the most unexpected localities. In the next place their enormous explosive power brings quick destruction. Boats sink almost instantly upon striking them. This danger is especially applicable to shipments to ports on the North Sea and in a measure around the Baltic Sea. These mines are even in evidence elsewhere and have caused the destruction not only of boats of the merchant marine but of battleships as well.

Now, there is a fourth reason, which I suggested at the beginning of my remarks this morning and which many familiar with the subject regard as the most serious of all, and that is the detention of boats in the harbors of the countries of Europe and elsewhere by reason of congestion. Instead of making accurate calculations a boat may enter a foreign port with no assurance at the time when it can either unload or take on a new cargo. The delay amounts frequently to weeks and even months. I do not need to enlarge further upon this point. The boats of the country in which the port is located are there for shelter; there are many boats at the docks being used for governmental purposes and having the first rights; but, worse than that, there is an unprecedented scarcity of men available for loading, unloading, and making repairs.

To all these must be added another feature, the requisition of so considerable a share of the merchant marine, especially of England, by the Government for its own uses.

I am not sure that these five reasons exhaust the whole subject. Of course, there is also the derangement in exchanges, which at the beginning of the war threatened to become the most serious feature of the whole situation, and that factor is still of the utmost importance in relation to our shipments to South America. I ask those who are complaining of these high rates to consider these questions.

Would a Government-owned marine make rates any lower unless the boats were run at a great loss? There is no sanctity about a Government vessel or one owned by a corporation formed by the Government when it approaches a mine. In-

deed, the pilots who would be employed for this purpose, who would be enlisted by the Government probably from other lines and subjected to new discipline, presumably more lax than that to which they had been accustomed, would be more likely to meet with disasters of this nature than the pilots on private vessels.

In line with what I have been saying, it appears that rates to South America, to South Africa, to Hongkong, and to other localities have risen not more than 25 per cent above those which prevailed before the war commenced, and the same is true of charters to New Zealand and to Australia. Let us take a rational view of this situation. Is there, after all, anything abnormal or unusual in regard to it, and especially is there any talismanic influence in a Government-owned line which would cure in the least that situation?

I wish now to pass to another branch of this inquiry. I am painfully conscious of having treated the subject without thoroughly exhausting it, but I trust whatever deficiency I may have shown will be supplied by those who will follow me in the debate. I have sought to show that there would be no advantage whether these boats were operated on a profit basis or without the expectation of profit.

Before passing from this subject I may say that if the Congress of the United States desires to frame certain regulations for control over rates and agreements—though I believe any rate control is impracticable—it is certainly in line with legislation which we have adopted to give supervision over these conferences and agreements.

In this connection I desire to ask if it is the intention of the Government to enter into conference agreements with private lines. Such seems to have been the policy in the past. We hear attacks, fulminations indeed, against these so-called gentlemen's agreements, and, indeed, other agreements, but let us see what the Government of the United States has done regarding this.

I call attention in the first instance to the hearings before the Committee on Inter-oceanic Canals of the United States Senate, taken in April of last year. Much of that testimony bears on this subject. Dr. Huebner, the expert chosen by the United States to make an investigation, is testifying. Senator THOMAS, of the Committee on Inter-oceanic Canals, asked this question:

Senator THOMAS. Suppose that the Government of the United States should construct a line of vessels for commercial purposes through the canal and should operate it for the public benefit. Do you not think that that would result in benefit to the consumer?

Dr. HUEBNER. Why, of course, if a Government line deliberately cuts rates, and has the Treasury of the United States behind it, it can do things that no doubt will lead to a reduction in freight rates. As to whether the consumer will get the reduction, or the middleman get it, is another question.

Senator THOMAS. From what you say, I assume it may be your opinion at least that the opening of the canal, whether it is operated free or whether tolls are charged, will make no difference in regard to the reduction of cost to the consumer? In other words, there is to be no competition on the ocean because it admits of universal competition? There will be no competition on land because there combination is comparatively easy? Is there any way to break that except that the Government itself shall build a line of ships to go into the freight business?

Dr. HUEBNER. Of course the Government line is in the freight business, and the Government line is a party to various conferences at the present time.

Senator BRISTOW. Do you say that the Panama Steamship Line has gone into these conferences to fix rates according to those?

Dr. HUEBNER. The Government line's tariff has been accepted—

Senator BRISTOW. When was that done? Let us have the details of it.

Senator THOMAS. I should like to have the time stated when that arrangement was made.

Dr. HUEBNER. I can furnish that later.

Senator THOMAS. About what year?

Dr. HUEBNER. I will not venture a guess.

Senator THOMAS. I was told it was done between 1909 and 1911, some time.

The CHAIRMAN. What is your best impression about the time?

Dr. HUEBNER. It would be a mere guess, Senator.

The CHAIRMAN. We want that for what it is worth. What is your guess, if that is the best it is?

Dr. HUEBNER. I should say somewhere around 1908 and 1909.

Senator BRISTOW. Do you not know, as a matter of fact, that the general manager of the Panama Railroad Steamship Co. Line refused to go into the conference and refused to make his rates in harmony with the agreements?

Dr. HUEBNER. A conference, Senator BRISTOW, is not necessarily outlined on paper. Most of the conference arrangements are nothing more than gentlemen's agreements. For instance, in the trade to the west coast of South America, via the United Fruit Co., the Hamburg-American Line, the Royal Mail Steam Packet Co., and the Government line, the four lines are acting in absolute harmony. They adopt the same freight tariff. All of the lines have sent us their tariffs, and while the title-page is different, the rest, I think, has come from the same press. The same is true with reference to the traffic to the Pacific coast in connection with the California-Atlantic Line and the Pacific Mail Line. These lines, supported by the Government line, charged the same rates; and the American-Hawaiian Line, which goes via the Isthmus of Tehuantepec, refused to join with the Government, although there is a great deal of testimony to show that the matter was talked over, and that the Government was anxious in a way to get the

American-Hawaiian Line to make some arrangement as to what its rates would be as compared with the rates of the California-Atlantic Line and the Pacific Mail Line.

Senator BRISTOW. Do I understand that the Government tried to get the Hawaiian Steamship Line to go into this agreement, and it refused?

Dr. HUEBNER. It refused to do anything definitely.

Senator BRANDEGEE. What did it do about its rates?

Dr. HUEBNER. I will give you the summary as I have it in the report.

Senator THOMAS. While you are looking for that, can you state the name of the manager of this Government line?

Dr. HUEBNER. No, sir; but I can furnish that very easily.

Senator BRISTOW. Mr. E. A. Drake, of New York, is the business manager?

Dr. HUEBNER. Yes.

The CHAIRMAN. Doctor, did not the House committee, as a result in part of your investigation and report, recommend that the jurisdiction of the Interstate Commerce Commission be extended to water transportation?

Dr. HUEBNER. Yes, sir.

The CHAIRMAN. If that becomes a law, and the Interstate Commerce Commission regulates the rates on the Panama Canal, will not the Interstate Commerce Commission be influenced in the rates it will fix by the fact as to whether the shipper pays \$1.20 a ton to the Government or not?

Dr. HUEBNER. I am inclined to think that in case we have governmental regulation, and if the Government will wait until the steamship companies have fixed their schedules of rates—voluminous schedules of 60 or 70 typewritten pages—fixing the rates on the basis of what the traffic will bear and then say, "Gentlemen, we have your rates, but remember you are exempt from tolls, and we insist that you mark down every rate proportionately," I believe, then, you will accomplish something for the shippers, but it will be done by force.

The CHAIRMAN. Do you think that the Interstate Commerce Commission performs its duty in that intelligent manner you have just described?

Dr. HUEBNER. I had no intention to reflect on anyone.

The CHAIRMAN. Of course, I do not know that you intended really to give us your view as to the efficiency or lack of efficiency of the Interstate Commerce Commission, but if the Interstate Commerce Commission were as inefficient as one might imply from your reference to it, I would vote for its abolition.

Senator THOMAS. I want to say that I do not understand the inference was made by this witness as the chairman does.

The CHAIRMAN. I understand the witness to indicate that all these shipping companies might be permitted in their own way and to suit their own purpose to agree upon certain schedules, and not until then would the Interstate Commerce Commission interpose, and even then the only recommendation to be made by the Interstate Commerce Commission would be to reduce their rates \$1.20 per ton.

Senator THOMAS. I understood the witness to be stating a supposititious situation. Possibly my understanding was incorrect.

Dr. HUEBNER. Of course, at the present time we have no regulation.

The CHAIRMAN. Yes.

Dr. HUEBNER. There is absolutely no control over port-to-port traffic. Regulation of water transportation also must differ in some respects from regulation of land transportation. There are peculiar factors that require a difference to be kept in mind, and the recommendations of the Committee on the Merchant Marine and Fisheries have in mind the regulation of the tariffs of a boat line after they have been promulgated. It is utterly impossible to require a steamship line to serve 30 days' notice before it can change a rate. You must allow a steamship line to make its rate, and then to require that rate to be changed if it is unreasonable. We would, for instance, greatly damage our foreign trade if we required foreign steamship lines to serve 30 days' notice before they could alter a rate.

Mr. President, I read this for the light it throws on two phases of this subject. First, the feasibility of control by the Interstate Commerce Commission or any official rate-fixing body, and, secondly, the participation of the Government of the United States in these gentlemen's agreements or conferences.

This was the testimony of Dr. Huebner in relation to the Panama Canal and routes shipping in that locality. I read from the second volume of the hearings on the investigation of shipping combinations under House resolution 587, page 873:

Mr. HARDY. It seems also that all the parties interested talked the matter over about the rates.

Mr. SCHWERIN. A European conference has controlled these coffee rates and has handled them for 20 years, and has made them for 20 years, absolutely.

Mr. HARDY. And then they came in to talk with you about it?

Mr. SCHWERIN. We sent a representative to London; the Panama Railroad sent a man to London. The Government sent Gen. Edwards. He went over as the representative of the Panama Railroad Co. to this London conference, as a party to the London agreement.

The CHAIRMAN. Who are the parties to that London conference?

Mr. SCHWERIN. The Royal Mail, the Hamburg-American Packet Co., the Pacific Mail Steamship Co., the Panama Railroad Co. Steamship Line—

Which is a Government-owned and Government-controlled line—

those are the principal carriers. I do not remember the names of the others, and the Tehuantepec Railroad.

The CHAIRMAN. And the Panama Railroad?

Mr. SCHWERIN. The Panama Railroad and the Panama Steamship Co.

Mr. POST. And the United States Government?

Mr. SCHWERIN. Yes, sir.

The CHAIRMAN. The United Fruit Co.?

Mr. SCHWERIN. The United Fruit Co.

The CHAIRMAN. In that conference the rates were fixed?

Mr. SCHWERIN. The rates to Europe were fixed.

The CHAIRMAN. And the rates to New York?

Mr. SCHWERIN. The rates to New York were practically adjusted, based upon the European rates.

The CHAIRMAN. But they were not fixed to San Francisco?

Mr. SCHWERIN. No; we declined to be governed in our San Francisco rates by the European conference.

The CHAIRMAN. On this question we have information from the consul at Salvador, Central America, to this effect:

"The Pacific Mail Steamship Co., the Kosmos Line, and the steamers of the Salvador Railway Co. are co-carriers with the West Indian and Atlantic combine, mentioned on page 9 of the report of the Royal Commission on Shipping Rings (ed. 4669), 1909, issued by the British Government, and consequently grant rebates, but this is done only under certain circumstances on coffee exportations. There are no other kinds of rebates or special privileges granted. Every year the Pacific Mail Steamship Co. and the Kosmos Line form an agreement for the purpose of fixing rates and tariffs, particularly on coffee exportations, and these rates and tariffs are conformed to by the steamers of the Salvador Railway Co. It may be seen that competition is destroyed by agreement by the first two companies mentioned, which operate steamers between Salvadorian and American ports, and that competition could exist, but does not, between these two companies and the companies last named, which is engaged in the foreign carrying trade of the United States between Salvadorian ports and Salina Cruz, Mexico, because it chooses to conform to the fixed rates and tariffs."

A little later, toward the bottom of page 874, in the testimony of Mr. Schwerin:

The Tehuantepec Railroad is a member of that conference, and the Salvadorian Railroad is the west coast connection of the Tehuantepec Railroad as we are of the Panama Railroad. The Kosmos Line handles this coffee via the Straits of Magellan, and has always been looked upon as a differential route; for instance, if the coffee rate was made 80 shillings, the Kosmos Line would demand that their rate would be, say, 60 shillings, or 20 shillings less than the conference rate, on account of their longer haul. In that conference in London the Tehuantepec Railroad represents the Salvadorian Steamship Co., so if the Tehuantepec Railroad agrees to these rates to Europe, naturally the rates quoted by the Salvadorian Steamship Co. would be exactly the same rate as the representative of the Panama Railroad Co. would agree to in London, and which would be our rate via Panama, we serving Panama, the Salvadorian Railroad serving Tehuantepec. Those rates would be exactly the same, though the Salvadorian hauled the coffee north and we hauled the coffee south. The United States is a party to that, and the United States fixes our rate. They go over to London, and have gone over to London every year.

A little later, on page 875:

Mr. HARDY. The Government, then, of the United States is not a party to any agreement fixing rates to the United States, but is a party fixing rates to Europe?

Mr. SCHWERIN. The Government is a party to the agreement fixing the rates to the United States, so far as business may originate on the west coast of Central America and be destined to New York City, carried over the Panama Railroad and the Panama Steamship Line.

Mr. HARDY. The Government now enters into agreement with these various companies as to rates from South American ports to New York?

Mr. SCHWERIN. Yes; and with us to New York.

Mr. HARDY. And with you to New York?

Mr. SCHWERIN. Yes.

Mr. HARDY. So that your rates are agreed on except to San Francisco?

Mr. SCHWERIN. Yes.

Mr. President, I concede the possibility of oppressive tactics and high rates as the result of these conferences, and no doubt the effort to prevent monopoly might be aided by subjecting these agreements to official supervision.

However, agreements of some kind are absolutely necessary in order to conduct the business for the advantage of the public and to prevent destructive competition among carriers by water. Destructive competition would not only affect the carriers, but it also would affect the shippers as well. It is very easy to see the reason for that. A steamship line provides for sailings according to the traffic. There are, of course, numerous daily, weekly, fortnightly, and monthly lines. On nearly all the great routes of the world there is a plurality of lines available for the carrying of the freight.

Suppose there is a certain quantity of freight to be carried, which may be represented by the figure 100, per month, and each boat carries or has a capacity to carry 10 of those units, and there are available 10 ships. What is the sensible thing to do? Manifestly, to have them leave at intervals of three days. Suppose they are managed on a competitive basis, that fierce competition which so many persons worship and think is the essential condition of fair prices and the better accommodation of the public, what would the 10 boats do? Instead of sailing at intervals of 3 days so that in 30 days each one of the 10 sails, making an interval very convenient for the transaction of business, each boat would wait at its wharf until it could snatch enough of the traffic to make up a full cargo. Instead of regularity of sailings and full cargoes for all the boats there would be irregular departures, and some boats would have sufficient loads and others would depart leaving cargo on the dock. In the long run the public would have to pay for this uneconomic conduct of business.

The authors of this report and the advocates of this bill, in the utmost good faith, inveigh against these conference agreements; but tell us, pray, how can you manage this in any other way and meet the demands of the public? If the Government goes into the business, is it going to run a line that will be altogether outside of these arrangements? If so, disaster will confront it at the very start. Not only does this necessity for some concert of action exist on boat lines between the same ports, but it is even more required in providing for the various ports of the world with which there is no established line service.

Suppose, again, there are 10 ships which are available for the South American trade; will they all run between New York

and Rio de Janeiro? That being the case, Rio de Janeiro will be over supplied and other important ports, such as Montevideo and Buenos Aires will have no shipping at all. Take another feature of the situation. There are certain minor ports, on the way where there is enough trade offered to make profitable an occasional call, but boats would be run at a very serious loss if all of them regularly stopped at each of these ports. So owners of the lines come together and make an agreement that one line will stop its boat at one port and another line will stop its boat at another port. There is no other way in which this business can be managed, and managed to meet the demands of the shipping traffic, and conduct the business economically.

So, instead of raising this outcry against these agreements, it is desirable that we, without any preconceived ideas or theories in regard to competition or no competition, should face the facts. The Government has faced the facts, and has itself entered into consultation with the divers lines. That has been a feature of the management of the Panama Steamship Co. The Government, having itself engaged in these conferences, ought not those who favor this bill to revise their arguments as stated in the report in which they placed this sweeping condemnation of all arrangements of this kind?

I find the language I have referred to on this subject in volume 4 of the report of the Committee on the Merchant Marine and Fisheries, a document to which I have already referred. The report is the result of an investigation of shipping combinations, made under House resolution 587. I think I am not making an extravagant statement when I say that at least a very large majority of the members of that committee entered upon this investigation with the belief that these conferences were altogether wrong and should be abolished root and branch. The recommendations, beginning on page 415, are as follows:

The facts contained in the foregoing report show that it is the almost universal practice for steamship lines engaging in the American foreign trade to operate, both on the inbound and outbound voyages, under the terms of written agreements, conference arrangements, or gentlemen's understandings, which have for their principal purpose the regulation of competition through either (1) the fixing or regulation of rates; (2) the apportionment of traffic by allotting the ports of sailing, restricting the number of sailings, or limiting the volume of freight which certain lines may carry; (3) the pooling of earnings from all or a portion of the traffic; or (4) meeting the competition of nonconference lines. Eighty such agreements or understandings, involving practically all the regular steamship lines operating on nearly every American foreign-trade route, are described in the foregoing report. (For a full classification of these agreements see pp. 281 to 295 of the report.) The report also presents the economic advantages and disadvantages of steamship agreements and conference arrangements as presented to the committee by steamship-line representatives and the exporting and importing interests of the United States. (For a full classification of the advantages and disadvantages see pp. 295 to 307 of the foregoing report.)

In formulating its recommendations it became apparent to the committee, in view of all the facts presented, that only two courses of action were open for adoption. Either the agreements and understandings, now so universally used, may be prohibited with a view to attempting the restoration of unrestricted competition, or the same may be recognized along lines which would eliminate existing disadvantages and abuses. It is claimed that the adoption of the first course—the prohibition of cooperative arrangements between practically all the lines in nearly all the divisions of our foreign trade—would not only involve a wholesale disturbance of existing conditions in the shipping business but would deprive American exporters and importers of the advantages claimed as resulting from agreements and conferences, if honestly and fairly conducted, such as greater regularity and frequency of service, stability and uniformity of rates, economy in the cost of service, better distribution of sailings, maintenance of American and European rates to foreign markets on a parity, and equal treatment of shippers through the elimination of secret arrangements and underhanded methods of discrimination. (A classification of the advantages claimed as resulting from the aforementioned factors is presented on pp. 295 to 303 of the foregoing report.)

These advantages, the committee believes, can be secured only by permitting the several lines in any given trade to cooperate through some form of rate and pooling arrangement under Government supervision and control. It is the view of the committee that open competition can not be assured for any length of time by ordering existing agreements terminated. The entire history of steamship agreements shows that in ocean commerce there is no happy medium between war and peace when several lines engage in the same trade. Most of the numerous agreements and conference arrangements discussed in the foregoing report were the outcome of rate wars and represent a truce between the contending lines. To terminate existing agreements would necessarily bring about one of two results—the lines would either engage in rate wars which would mean the elimination of the weak and the survival of the strong, or, to avoid a costly struggle, they would consolidate through common ownership. Neither result can be prevented by legislation, and either would mean a monopoly fully as effective, and it is believed more so, than can exist by virtue of an agreement.

Mr. FLETCHER. I ask the Senator from Ohio from what page of the report he is reading?

Mr. BURTON. I am reading from page 416, of volume 4, near the bottom of the page. The report continues—

Mr. SUTHERLAND. Mr. President, will the Senator from Ohio permit me to ask him a question?

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Utah?

Mr. BURTON. Certainly.

Mr. SUTHERLAND. I came into the Chamber in the midst of the statement which the Senator from Ohio is now reading. I should like to inquire what report it is from which the Senator is reading?

Mr. BURTON. It is the report of the Committee on Merchant Marine and Fisheries of the House of Representatives on the investigation of shipping combinations. This report was made in year 1913-14. Some of the volumes are printed in 1913 and some in 1914.

Mr. SUTHERLAND. Does it purport to be a unanimous report from the committee?

Mr. BURTON. I think so. At any rate, if there is a minority report, it favors, I think, more liberality in the making of these agreements than does the majority report.

Mr. SUTHERLAND. Let me ask the Senator from Ohio a further question. Do I understand that the report of the committee favors these agreements?

Mr. BURTON. Yes; it regards them as inevitable and favors them.

Mr. SUTHERLAND. To that extent it favors them?

Mr. BURTON. Yes. I will restate what I have already said for the benefit of the Senator from Utah, that it is my understanding the committee entered upon the consideration of this subject with an almost unanimous opinion against this class of agreements, but they nevertheless came to the conclusion stated.

Mr. SUTHERLAND. Let me ask the Senator if the agreements spoken of in the report apply to the fixing of rates, dates of sailing, and so on?

Mr. BURTON. Yes; to the whole subject.

Mr. SUTHERLAND. That is, do I understand that this committee in its report is in favor of allowing agreements to be made between the shipping companies fixing uniform rates which they shall charge?

Mr. BURTON. It favors allowing them to do nearly all the things which they are now doing under governmental supervision by the Interstate Commerce Commission or some such board as that.

Mr. SUTHERLAND. Does the Senator mean governmental supervision on the part of the United States over the rates to be fixed?

Mr. BURTON. I take it that would be the case at least on lines which have regular schedules. I think their recommendation in that particular will appear in the course of the reading.

Mr. SUTHERLAND. Of course, that would only apply to ships departing from ports in the United States?

Mr. BURTON. That is all it could apply to.

Mr. SUTHERLAND. It could not affect the rates on imports?

Mr. BURTON. I think not, except on American lines.

Mr. SUTHERLAND. Does the committee take the view that that could be done as well?

Mr. BURTON. That will all appear in the further reading of the report; the report goes into that subject quite fully. It continues:

Moreover, steamship agreements and conferences are not confined to the lines engaging in the foreign trade in the United States. They are as universally used in the foreign trade of other countries as in our own. The merchants of these countries now enjoy the foregoing advantages of cooperative arrangements, and to restore open and cut-throat competition among the lines serving the United States would place American exporters at a disadvantage in many markets as compared with their foreign competitors.

That is an illustration of the extreme complication of this question. If we forbid such agreements and other countries permit them, it will inure to the benefit of foreign merchants and to the disadvantage of our own. The report continues:

Steamship line representatives, as well as the patrons of the lines, were almost a unit in emphasizing to the committee the importance and necessity of the aforementioned advantages of agreements and conferences and in asserting that these advantages can only be effected by permitting the several lines in a given trade to cooperate in the regulation of their rates and the expeditious handling of their business. Very few of the many exporters and importers who communicated with the committee were opposed to agreements and conferences in themselves, provided they are fairly and honestly conducted. Many, however, objected to the secrecy with which agreements and conferences are now conducted, and they stated that while the advantages must be admitted they have no assurance and no means of knowing whether the conditions claimed for agreements and conferences are always fulfilled. A considerable number of complaints were also filed with the committee objecting to excessive rates, discrimination between shippers in rates and cargo space, indifference to the landing of freight in proper condition, the arbitrariness in the settlement of just claims, failure to give due notice to shippers when rates were to be increased, refusal to properly adjust rates as between the various classes of commodities, and the unfairness of certain methods—such as fighting ships, deferred rebates, and threats to refuse shipping accommodations—used by some conference lines to meet the competition of nonconference lines. Unfortunately the truth of many of these complaints could not be ascertained because of the confidential nature of the information furnished. As pointed out in the report (p. 306), it seemed to be the general impression among shippers who filed complaints with the committee that the conference lines "so completely dominate the shippers with whom

they deal that these shippers can not afford, for fear of retaliation, to place themselves in a position of active antagonism to the lines by openly giving particulars of their grievances."

It must of course be recognized, Mr. President, that any investigation conducted in that way is exceedingly unsatisfactory. The secret complaints that are sent in can not be verified or disproved, and the conclusions derived from such an investigation are necessarily more or less unsatisfactory.

While admitting their many advantages, the committee is not disposed to recognize steamship agreements and conferences unless the same are brought under some form of effective Government supervision.

Mr. SUTHERLAND. Mr. President, right at that point—

The PRESIDING OFFICER (Mr. MARTINE of New Jersey in the chair). Does the Senator from Ohio yield to the Senator from Utah?

Mr. BURTON. Certainly.

Mr. SUTHERLAND. Do I understand the Senator from Ohio to take the position and to state the position of the committee from whose report he is reading to be that if these agreements are permitted they should only be under governmental supervision, and that that supervision would include the regulation and perhaps, to some extent, the fixing of rates?

Mr. BURTON. I would not go so far myself as to advocate the fixing of rates for ocean carriage, unless it be on certain prescribed lines which are in an exceptional position. If you seek to control the rates, for instance, on tramp vessels, difficulties immediately arise. It would be impossible to meet by fixed rulings the conditions which exist in this trade.

Mr. SUTHERLAND. Now let me ask the Senator—

Mr. BURTON. Let me conclude this first, if the Senator please. It would be especially impracticable to fix rates with permanency. Let me give the Senator from Utah an illustration: Suppose an effort is made to fix a rate from New York to Cape Town. It is fixed at a certain figure, and the public and the shippers adjust themselves to that rate. A tramp boat comes from Cape Town to New York with a very profitable cargo—indeed, they make the trip because of that profitable rate—and on the return voyage, if they can get a cargo, they can afford to carry it for very much less than the usual rate; it would be a profitable transaction to do so. The freight might be of a class that could be shipped to Cape Town provided it were carried at a certain figure, but it would be unprofitable to send it if the rate were above that figure. Would any rational system dictate that there should be a fixed rate in such a case as that?

Now, take the other side of the case. Suppose, in the expectation that freight from Cape Town to New York is abundant, a boat sails for New York with a cargo. It could afford to carry that freight at a very low rate, but would you say that on the return voyage, the object of the round trip being practically to make that return voyage, the boat must comply with a specified rate? There are so many ramifications in the business that it is not only impracticable to fix the rates as well as to fix them in advance, but to do so would not inure to the benefit of trade or to the benefit of the shippers, either. I think it is very clear that that would be the result.

Mr. SUTHERLAND. The Senator from Ohio is opening up a very interesting phase of the subject; and I want, in connection with what he has been saying, to ask him this question: Does the Senator recognize that in sea traffic charges must either be permitted to adjust themselves by the play of competition, which, theoretically at least, will bring the charges down to a reasonable amount, or that they must be regulated by governmental interposition?

Mr. BURTON. Yes; I think that is the case. In fact, there has been practically no governmental interposition even in domestic traffic. Governmental control has been exercised only when the traffic is part water and part rail. There is no regulation of mere port-to-port traffic. I think the time may come when some form of Government regulation will prove desirable.

Mr. SUTHERLAND. If I correctly understand the Senator from Ohio, he leans toward some degree of governmental regulation of shipping rates?

Mr. BURTON. I think there should be at least a reasonable public supervision of conference agreements.

Mr. SUTHERLAND. That brings me to the question which I had in mind to ask the Senator from Ohio from the beginning; but, as I understand, under the ruling which we have had I am not permitted to indulge in very much of a statement. I shall ask the Senator, first of all, as preliminary to the question I finally desire to ask him, whether or not he agrees with the statement which was made by Mr. McAdoo recently in a speech delivered before the Commercial Club at Chicago, Ill., on January 9, 1915, that—

Some timid people have argued that if the Government is interested as a stockholder in a shipping company, and a ship of such company

should be seized by a belligerent and brought into a prize court, the sovereignty of the Government would be involved. There is no ground whatever for this view. If the Government operated ships outright, just as it operates the vessels of our Navy, an awkward situation of this character might arise; but where a nation is merely a stockholder, or the sole stockholder, in a private corporation, its sovereignty is not and can not be directly involved if the ships of such a corporation become the subjects of litigation in a prize court concerning any issue which does not involve the Government itself. The Government would stand in relation to such a corporation exactly as any individual stockholder does to a corporation in which he is interested. A suit against the corporation does not necessarily involve the shareholders.

In other words, I ask the Senator from Ohio if he agrees with what seems to be the view of the Secretary of the Treasury that, if the Government goes into this business as a stockholder of a corporation, the corporation would then have no different legal standing than any other private corporation engaged in the same business?

Mr. BURTON. Mr. President, it seems to me we must go to the essence of things rather than to the form. You can not say that a steamship line organized on such a plan as this is the same as a private corporation; there is a very material difference.

Mr. SUTHERLAND. But assuming, for the sake of the argument, that the position of the Secretary of the Treasury with reference to this matter is correct—to which, I understand, the Senator from Ohio does not care to commit himself—then I ask the Senator from Ohio whether, in his judgment, the Government of the United States would not be in a very peculiar situation, to say the least, if it undertook to regulate rates, being itself an owner of a corporation vitally interested in the business?

Mr. BURTON. It certainly would.

Mr. SUTHERLAND. And attempting to regulate rates that must govern its competitor, and, in substance and effect, itself?

Mr. BURTON. Certainly, because the United States would be an interested party, whether it owns steamships exclusively or whether it is the predominant stockholder in a company that owns steamships. No judge should sit in his own cause.

To continue reading the report—

To permit such agreements without Government supervision would mean giving the parties thereto unrestricted right of action. Abuses exist, and the numerous complaints received by the committee show that they must be recognized. In nearly all the trade routes to and from the United States the conference lines have virtually a monopoly of the line service.

In reading this report I do not wish it understood that I concur in it in its entirety.

"All monopolies," as pointed out in the foregoing report (p. 304), "are liable to abuse, and in our foreign carrying trade the monopoly obtained by the conference lines has not been subjected to any legal control. While carriers by land are supervised and must conform to statutory requirements in the matter of rates and treatment of shippers, steamship companies, through private arrangements, have secured for themselves monopolistic powers as effective in many instances as though they were statutory. Even granting the advantages claimed for steamship conferences and agreements, all may be withdrawn in the absence of supervisory control without the shippers having any redress or protection. The lines are under no legal obligation to continue these advantages. They exercise their powers as private combinations and are apt to abuse the same unless brought under effective Government control."

The committee believes that the disadvantages and abuses connected with steamship agreements and conferences as now conducted are inherent, and can only be eliminated by effective Government control; and it is such control that the committee recommends as the means of preserving to American exporters and importers the advantages enumerated, and of preventing the abuses complained of.

"The consensus of opinion (see pp. 307 to 308 of the report)," as expressed in the testimony of witnesses and in the numerous communications received by the committee from shippers, "is overwhelmingly in favor of some form of Government regulation of steamship carriers engaged in this country's foreign trade. Nearly all the steamship line representatives who appeared before the committee expressed themselves as not opposed to Government supervision which is reasonable and which is limited to the requirements of full publicity and approval of all agreements or arrangements which steamship lines may have entered into with other steamship lines, with shippers, or with other carriers and transportation agencies. On the other hand, the shippers who appeared as witnesses or otherwise submitted recommendations for proposed legislation were in the great majority of instances favorable to a comprehensive system of Government supervision sufficiently broad to embrace the regulation of rates without actually fixing them, the approval of contracts, agreements, and arrangements, and the general supervision of all conditions of water transportation which vitally affect the interests of shippers. While few of the shippers who communicated with the committee by letter (and the same may be said of witnesses) attempted to specify the details of their recommendations, they are almost a unit in stating that they are convinced of the desirability of having the Interstate Commerce Commission, or a similar commission, exercise a general supervisory power over foreign water carriers and enforce among the conference lines at all times the various contentions which they have claimed for themselves during the hearings before the committee. It is noteworthy that only five of the many communications received by the committee, which were unfavorable to steamship agreements and conferences as now conducted, display an attitude of hostility toward Government regulation. In fact, many of the communications received from shippers make it clear that the writers regard the contentions of the conference line representatives as advantageous to shipper and shipowner if they are honestly and fairly carried out, but state that their experience has been to the effect that once the combination of lines is established it is apt to be used in an

arbitrary and unfair way by favoring some large corporation or friend to the detriment of other shippers. Such discriminations and arbitrary treatment, it is believed, can only be eliminated by the establishment of some legally constituted authority which is empowered to hear complaints and to order the discontinuance of abuses."

Relative to such supervisory control by the Government of steamship carriers in the foreign trade of the United States, the committee offers the following recommendations:

I ask especial attention to these recommendations:

(1) That navigation companies, firms, or lines engaged in the foreign trade of the United States be brought under the supervision of the Interstate Commerce Commission as regards the regulation of rates, the approval of contracts entered into with other water carriers, with shippers, or with American railroads and other transportation agencies, and such other conditions of water transportation as affect the interests of shippers. The committee has had under consideration the recommendation of a separate commission for this purpose, but believes that in view of the close relations existing between rail and water transportation it would be best to trust the supervisory control to the Interstate Commerce Commission. If found necessary in view of the added duties involved in the extension of the Interstate Commerce Commission's jurisdiction to water transportation in accordance with the recommendations to follow, the committee further recommends that the membership of the commission be enlarged.

(2) That all carriers engaged in the foreign trade of the United States, parties to any agreements, understandings, or conference arrangements hereinafter referred to, be required to file for approval with the Interstate Commerce Commission a copy of all written agreements (or a complete memorandum if the understanding or agreement is oral) entered into (1) with any other steamship companies, firms, or lines engaged directly or indirectly in the American trade, or (2) with American shippers, railroads, or other transportation agencies. All modifications and cancellations of such agreements or understandings as may be made from time to time should also be promptly filed. The commission should be empowered to order canceled any such agreements, or any parts thereof, that it may find to be discriminating or unfair in character or detrimental to the commercial interests of the United States.

(3) That the Interstate Commerce Commission be empowered to investigate fully complaints charging the unreasonableness or unfairness of rates or to institute proceedings on its own initiative and to order such rates changed if convinced that the rate under consideration is unreasonably high or discriminating in character as between shippers or ports or between exporters of the United States and their foreign competitors, and to order restitution to shippers of all sums collected in excess of reasonable rates. This recommendation is also intended to extend to the supervision of freight classifications used by the lines, and the investigation of complaints charging refusal on the part of any carrier to properly adjust the rates between classes of commodities.

The committee realizes that the steamship business differs essentially from that of the railroads (for those differences see pp. 309 to 311 of the report), and that it might prove injurious to both ship-owners and American exporters to require the lines to file their rates and not be permitted to lower the same until after a stipulated period of notice to change rates had been given. On the other hand, the committee feels that, in the absence of Government control, steamship combinations may in many instances have it within their power to arbitrarily raise rates to an unreasonable degree, both as regards the general level and in the case of particular commodities; or, if they so desire, to fall in maintaining rates from the United States to foreign markets on a parity with those from other countries. It is not the purpose of this recommendation to prevent steamship lines from promptly lowering their rates to meet competitive conditions and thus to favor American exporters, who, in competing with foreign markets, often find it necessary in order to close their contracts to have quoted an immediate and favorable rate; but the purpose of the law should be to protect the shipper against any unreasonably high rate which the combination lines may have within their power, by virtue of their agreements and conference arrangements, arbitrarily to impose in the absence of Government supervision and control.

(4) That rebating of freight rates to shippers be made illegal and that, with due regard to the proper loading of the vessel and the tonnage available, discrimination between shippers or ports, in the matter of rates and space accommodations, be prohibited. In this connection it is the belief of the committee that water carriers should be required to charge equal rates to all shippers, irrespective of the volume of freight offered for shipment.

(5) That the Interstate Commerce Commission be empowered to investigate fully all complaints (or to undertake such investigation on its own initiative) charging (1) failure on the part of any carrier to give reasonable notice of increase in rates, (2) unfair treatment of shippers in the matter of cargo space and other facilities, (3) the existence of discriminating or unfair contracts with certain shippers, and (4) unfairness in the settlement of claims and indifference to the landing of freight in proper condition. In this connection the commission should be empowered to order the discontinuance of all unfair or discriminating practices which it may find to exist, and to adopt whatever measures it may deem necessary to protect the complainant against retaliation.

(6) That the use of "fighting ships" and deferred rebates be prohibited in both the export and import trade of the United States. Moreover all carriers should be prohibited from retaliating against any shipper by refusing space accommodations when such are available, or by resorting to other unfair methods of discrimination because such shipper has patronized an independent line or has filed a complaint charging unfair treatment, or for any other reason.

(7) That adequate penalties be provided to correct and prevent the abuses hereinabove set forth.

That which follows pertains to the domestic trade, and so is not applicable here.

I do not believe all the recommendations of this committee would prove practicable. I think what they propose involves a minuteness of control over shipping, based on the analogy of control over railroads, which will be found to be impossible without seriously hampering the business. I have read this, as an expression of the views of a committee of the House of Representatives, to show that there is another way than that proposed by this bill of taking care of conference agreements

and providing fair rates. I have read it, also, as a contradiction of the sweeping condemnation of conference agreements contained in the reports and speeches in favor of this bill. It may be all very well in theory to oppose them, but it has proved utterly impracticable; and the Government of the United States, through its officials, has sent its representatives to London, and has engaged in conferences with other lines.

Why, Mr. President, I wonder what would happen if this Government went into the business on the scale proposed by this shipping bill? I am afraid it would be working at cross-purposes; that, side by side with the unanswerable, the powerful arraignment of "big business" which we so often hear, much of which is deserved, we should find the Government itself in "big business," doing the same things, following the same paths which have been so frequently denounced in the Hall of the Senate and the Hall of the House of Representatives. Save us, Mr. President, from that day. Let these denunciations go on in full force, colored with eloquence. Let us not have a situation under which it would be possible for some one to rise in his place and say, "Why, your Government is doing just the very things you are denouncing."

I say this because many of us are fond of that type of oratory, and I am not endeavoring to stop its flow. The Government has gone and will have to go into conference agreements, otherwise it would be unable to do business profitably for itself or for the benefit of shippers.

Passing from this inquiry, Mr. President, I now come to another.

Mr. TOWNSEND. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Michigan?

Mr. BURTON. I shall be glad to yield for a question.

Mr. TOWNSEND. For a question; yes.

Mr. BURTON. Of course, that is understood. The Senator from Michigan may not understand that there seems to be in vogue to-day a certain degree of strictness in the enforcement of the rules, which has not been the recognized custom in the past.

Mr. TOWNSEND. I understand; and my object is to ask a question, which I shall endeavor to make as clear as I can.

As I understand, one of the objects of the advocates of this bill is to enlarge our merchant marine, the President's message stating that we are lacking in ships for carrying abroad the commerce of the country. I should like to ask the Senator if he thinks, considering everything, that if this bill is passed it will increase our merchant marine, having this fact in view: Either the Government will have to go into all of the carrying business or else ships will have to be built sufficient to carry the commerce. In other words, the object is to encourage ship-building. Does the Senator believe that the great capital which is necessary in the construction of ships could be obtained from any source for private enterprise if that capital understood that the Government was to enter into competition with the boats after they were constructed, understanding, further, that the whole object of Government ownership of the boats is to reduce the rates, which the President insists are unduly high at the present time? Does the Senator believe, I say, that ships could be built outside of those constructed by the Government, and, therefore, would the merchant marine of this country be enlarged, as indicated by the proponents of the bill?

I ask this question because it seems to me that it really goes to the vitals of the whole project; for, as I understand, the President and those who advocate this measure do not intend that we shall continue permanently in the shipping business, but that we are to get out of it at some time. The question comes up, Who will take the ships that the Government owns if, as the Senator says, and as I believe to be true, they will have to be operated at a loss if operated at all?

Mr. BURTON. Mr. President, I have already dwelt somewhat upon that subject; but perhaps it can not be too frequently discussed, because it is of the most vital importance.

I feel sure that the threat of this bill has brought a paralysis upon private investment in the building or the purchasing of ships, and that it will continue until the question is decided, and that if the Government does go into the building of ships there will be a cessation of investment by private enterprise in shipping property. The greatest source of discouragement will be the uncertainty. We take it for granted here that rates are going to be lowered. Perhaps they will be; I presume they will be even at the expense of the taxpayer; but suppose they are not. How does any private owner know what the Government is going to do? Suppose capitalists at Savannah thought of putting on a line to carry the cotton of Georgia and the South to Europe. They might estimate the cost and find that it would be profitable. Possibly they would conclude to add the carrying of passengers, so as to give to the city new advantages and

new distinction. But along comes this proposition. Here is the Government of the United States proposing to go into the shipping business, and they do not know but that the boats will run right along parallel with the line they are projecting. No man would feel safe either as to the scale of rates or the route such boats would establish.

I can not too often bring to the attention of the Senate what I have already said, that the effect of this proposition has already been felt in the country. Something like 101 boats entered American register soon after the passage of the bill of last August providing more favorable terms. Are any of those boats being taken over now? How many, as compared with the 101, have been given American register in the last two months, since the agitation for this bill began, and especially since it has been known that the administration seems to insist upon it more than upon any other measure before this Congress? When people feel that a reckless competitor may enter the field, with the Treasury of the United States behind it, and engage in a business which heretofore has been left to private enterprise, who is going to invest? Who has invested? That is the practical test. I think, if all the facts were brought out—indeed, I know, Mr. President—that options would have been sought upon shipping that would cost as much as \$40,000,000, the amount initially provided in this bill, which would be brought under American register if there were any assurance that this bill would not be passed. That is the situation.

I think that answers the second branch of the Senator's question as to what would result.

Mr. DU PONT. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Delaware?

Mr. BURTON. I yield for a question.

Mr. DU PONT. I should like to ask the Senator from Ohio what, in his opinion, would be the effect on the present situation, assuming that there is a dearth of ships to carry our products abroad, as claimed, if the Government were to guarantee for a term of years a reasonable subsidy to private individuals for carrying the mails?

Mr. BURTON. For carrying the mails alone?

Mr. DU PONT. For carrying the mails, or possibly for other purposes. That would depend largely upon the amount of the subsidy or the particular conditions involved.

Mr. BURTON. The carrying of the mails is one thing and the carrying of freight is another. For carrying the mails good-sized boats of high speed are needed that ply on established lines between certain ports.

The assistance of boats for the carriage of mail means one thing. It means, of course, an improvement in the passenger communication between the two countries. It means an improvement in quickness of communication. It may facilitate the transportation of the higher grades of freight. But that is not the problem which is troubling us just now. The problem is how to supply boats of a carrying capacity of, say, 10,000 tons, of 10 or 12 knots' speed, for the carriage of ordinary freight, which can be operated at far less cost than the faster boats. For instance, with the most improved type of quadruple-expansion engines a boat of this character can be operated on a consumption of 25 tons of coal a day. That amount would hardly kindle the fire under the boilers of the *Mauretania*. What we want is that class of carriers, not expensively built, which can be operated cheaply.

I do not say that there might not be an improvement in mail communication. I think perhaps the greatest need in that regard is on the Pacific coast. There is fairly good provision already on the Atlantic coast to South America and to other countries. There is pretty good communication from San Francisco, directly or indirectly, to New Zealand, Australia, China, and Japan. So, to come to an answer, I am not ready to concede that a subsidy to mail steamers is required.

Mr. BRISTOW. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Kansas?

Mr. BURTON. Yes.

Mr. BRISTOW. Let me inquire of the Senator if it is conclusive, as the Senator seems to demonstrate, that these lines could not be profitable as an investment, and, if there are already available sufficient ships to carry the available commerce, what interest is to be served primarily by the purchase of these ships, in the opinion of the Senator?

Mr. BURTON. Under present conditions there is perhaps not sufficient shipping to carry the commerce of the country, for the perfectly obvious reasons so often stated. But as to the other part of the Senator's inquiry, as to how they are going to get any additional ships, the only way, so far as I am able to judge, is by taking chances on questions of neutrality.

Mr. BRISTOW. Mr. President, again, if there are not a sufficient number of ships to carry the commerce now available, wherein does this bill help that condition? It does not provide for the construction of any additional ships.

Mr. BURTON. I do not see that it does in any particular whatever.

Mr. BRISTOW. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield further to the Senator from Kansas?

Mr. BURTON. Certainly.

Mr. BRISTOW. In view of the fact that 49 per cent of the stock of the company which owns the ships is to be held by private individuals, and that stock may be in the hands of foreigners as well as Americans, as I understand it, in what way will that avoid the violation of any laws of neutrality that can not now be avoided? Does not the 49 per cent make these ships subject to all the laws of neutrality that will apply to any line in private ownership?

Mr. BURTON. I think it certainly would. They would have the same rules applied plus a very great embarrassment, because it would appear, if one of these ships owned by this corporation carried contraband, that the Government itself was in complicity and a sort of partner. No advantage, but a further disadvantage, arises from the greater possibility of complication.

No question in connection with this whole bill causes me quite so much perplexity as that of the status of a line owned by the Government in relation to questions of neutrality. The framers of the bill, recognizing this situation, have proposed amendment to the effect that they be regarded as private ships. But you can not by writing into the bill a declaration of that kind relieve it of its substantive reality.

Mr. BRISTOW. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield further to the Senator from Kansas?

Mr. BURTON. For instance, if the Senator will permit me, if a private shipowner carries contraband out of the United States to a port in Europe, he takes his chances. If he is captured, he forfeits his cargo, at least; but the act of a private individual in carrying contraband does not imply an act of hostility on the part of the Government. If, however, the Government of the United States should do anything of that kind, it would be an act of hostility. There is a very wide distinction between the neutral duty of a State and that of a private individual.

Mr. BRISTOW. Now, let me inquire again. Suppose one of those ships is under suspicion by one of the belligerent powers and violates, according to its interpretation, the laws of neutrality, and is taken. What would be the obligations of our Government so far as that ship is concerned?

Mr. BURTON. If we are to accept the declaration that these ships would have the same status as private ships, there is no distinction in the course the Government would pursue. That there would be a practical difference involving the sovereignty of the United States it seems to me nobody can deny.

Mr. BRISTOW. Let me inquire again: Suppose one of these ships should be found to have on board contraband material, and that it should be taken into a prize court and be confiscated and sold, that would be the property of the United States; at least 51 per cent of it. What, then, would be the policy of our Government in regard to that transaction?

Mr. BURTON. The cargo, as the Senator from Kansas knows, might be confiscated and not the ship. A condition of irritation at least between our country and the country making the capture would be created which would not be created in case of a mere private ship.

Mr. BRISTOW. Suppose the ship was confiscated and sold, what accounting would be made for the investment the Government has in that property?

Mr. BURTON. That depends on their system of bookkeeping; but the loss would fall on the taxpayer.

Mr. BRISTOW. And if a claim was made for indemnity, that would be made against the foreign Government?

Mr. BURTON. Against the foreign power that condemned it.

Mr. BRISTOW. Suppose that was resisted?

Mr. BURTON. We have, of course, now a treaty with England and France under which any matter of that nature must be referred to a commission of inquiry, and that commission of inquiry must make a finding. The finding of the commission of inquiry is not final on either of the parties, but there must at any rate be delay until it renders its decision. In any event, it would endanger our peaceful international relations.

Mr. BRISTOW. As I understand the Senator, there are not now, in his opinion, a sufficient number of ships to handle the commerce?

Mr. BURTON. Not available.

Mr. BRISTOW. May I inquire further if the ships belonging to belligerent powers that have been driven off the seas because of this war were again put into the service, there would be abundant shipping?

Mr. BURTON. There would no doubt be abundant shipping.

Mr. BRISTOW. Does the Senator understand this to be a scheme, then, by which it is sought to evade the laws of neutrality by involving our Government in this controversy between European powers?

Mr. BURTON. I have no exceptional means of judging of the motives of the framers of the bill. That may have been the purpose.

Mr. BRISTOW. Then, if the Senator will permit another inquiry, if it is not for the purpose of evading the laws of war which have driven these merchant ships off the sea and thereby bringing them back into activity, what is the purpose of this legislation?

Mr. BURTON. To be fair to the other side, I suppose they had hoped in some way to lower freight rates.

Mr. BRISTOW. But, if the Senator will pardon me—

The PRESIDING OFFICER. Does the Senator from Ohio yield further?

Mr. BURTON. Certainly.

Mr. BRISTOW. The Senator does not answer the question I am getting at. If there are not sufficient ships now available because of the war, this is a means sought to bring into active commerce ships that can not engage in commerce now?

Mr. BURTON. The interned ships, you mean, which have been driven from the sea?

Mr. BRISTOW. Driven from the sea. Is it not the purpose of this bill to bring those ships out and put them into the commerce of the world, a commerce which they can not now engage in? If that can not be done without violating the laws of neutrality, then how is this bill to secure any additional ships?

Mr. BURTON. In no other way. There is no way to secure ships which private owners could not secure; at least I see no other way. If anyone should think of another way, I would be glad to have him state it. Practically every available ship except those interned is engaged in trade now.

Mr. GALLINGER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from New Hampshire?

Mr. BURTON. Certainly.

Mr. GALLINGER. I will ask the Senator if it is not in contemplation that the Government may build ships, but inasmuch as private parties can not build ships in competition with those built in foreign shipyards, as it notoriously costs the Government more to build them than it costs private parties, is there any probability of the Government building them?

Mr. BURTON. That proposal does not seem to me practical; certainly not as a means of meeting an emergency. In the first place, a year would be a short time in which to build any ship that would be suitable for this trade. It is more likely that it would take 18 months. Who knows but that the war will come to an end before that time? Events might occur which would release all the ships that are interned.

Then, again, as the Senator from New Hampshire [Mr. GALLINGER] has suggested, if the Government goes into this business of building ships it must do it on an immense scale, because private parties are not going to build contemporaneously with them.

Mr. President, I am speaking earnestly on this subject, and I am afraid I am speaking so long as to weary the Senate, but it is because I have very decided convictions that this measure is wrong. The reason that was given for it in the first instance—empty markets in South America, lack of shipping to South America—has been proven to be based on an absolute misconception of conditions there. There are no empty markets. It is not lack of shipping, it is lack of finance, lack of credit, lack of means for conducting exchanges.

I will now take up another branch of this inquiry, and I may say, I have already spoken on it, and I will refer to it only briefly:

"7. Will boats be required to follow definite routes; that is, will the plan be to establish a line of steamers with regular schedules, or will the steamers be left free to accept charters at will? If so, will they not engage in the world's random trade and not offer any definite assurance of promoting American exports and imports?"

Is the Government going to put on a line of tramp steamers or is it going to put boats on regular lines? How can the Government go into this business unless it goes to all the ports of the United States and makes arrangements for terminal facilities?

Everybody knows that that would be practically impossible. If these boats are put on regular lines, say, between New York and Liverpool, what would happen? The chances are that under present conditions they would not have anything to do. They would find that business fully provided for, that ships are available. Possibly the plan would be adopted of putting down the rates and making them unprofitable; but even all the ships that could be purchased with \$10,000,000 could not furnish facilities for freight and passengers between the United States and the United Kingdom; and the effect of such a line would be almost nil.

Now, suppose you do not do that. Suppose they ply here and there, wherever a port may be selected. It is unthinkable to me, in the first place, that the Government of the United States is going into the business of managing tramp steamships. But suppose, with watchful eye, this shipping board undertakes to look all over the United States to determine where ships are needed and send them where the trade requires. When you come to the practical management of that undertaking it will not prove easy. Suppose there is a boat at New York and the demand for tonnage is most pressing at Seattle. Will you send your boat from New York around to Seattle? More and more boats tend to run along established lines. I made reference a few days ago to ships which are termed "glorified tramps," which were originally wont to take charters and freight wherever they could obtain them, from one port to another, and go on the next voyage with no certainty, but which finally developed certain routes and approximate to the condition of regular lines.

If it is impractical to operate tramp boats, again I ask along what regular lines will they be operated, for it is perfectly manifest that only a small part of the trade can be cared for. Will the administration favor one part of the country to the exclusion of others? Are you going to leave the Pacific coast alone and provide lines of Government boats from the Gulf to the Atlantic ports? Are you going to pick out Portland or Norfolk or some favored port and send your boats out from that port? Will it not be true that every other port in the country will have reason to complain?

Under normal laws of trade boats will go in accordance with the demand and supply and the problem will settle itself. But with a political board subject to the importunity of communities, of business men and politicians of influence, I can not conceive how such a line could be managed.

Mr. SHERMAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Illinois?

Mr. BURTON. I do.

Mr. SHERMAN. I inquire if the Senator has any information as to the tonnage from south Atlantic and Gulf ports as compared with north Atlantic and Pacific ports?

Mr. BURTON. I do not believe I could give that. It may be found, however, in the Statistical Abstract. Of course New York in its foreign tonnage, especially in value, is far ahead of any of the others. I should suppose that tonnage shipped out of Norfolk would come next on the Atlantic coast, although I do not know. Philadelphia may be almost up to New York.

Mr. SHERMAN. May I make a further inquiry?

The PRESIDING OFFICER. Does the Senator from Ohio yield further?

Mr. BURTON. In fact, I have not the figures for foreign tonnage in mind.

Mr. SHERMAN. That could be ascertained very readily by referring to the reports?

Mr. BURTON. Yes. The tonnage is much larger, of course, on the north Atlantic than it is on the south Atlantic or the Gulf. That does not mean, however, that the south Atlantic and the Gulf tonnage is not very important, because it is largely of cotton, a valuable product.

Mr. SHERMAN. May I inquire—

The PRESIDING OFFICER. Does the Senator from Ohio yield further?

Mr. BURTON. Certainly.

Mr. SHERMAN. In the event of the close of the European war there would be a very great release of export cotton. That would call for considerable carrying capacity outward bound for the Old World. Does the Senator think that a shipper in Philadelphia or New York would be likely to get any of the Government carrying capacity for merchandise as against cotton in this administration?

Mr. BURTON. I really do not know. I presume the loudest complaint has come from cotton shippers. If there is anyone who is gifted enough to manage such a shipping board without complaint, not merely loud but deep, coming up from all over the United States, that man is entitled to admiration. It simply can not be done, and it shows the absurdity of trying to

settle by a Government board what the custom of generations has left to the great law of supply and demand. What is the reason why a cotton cargo is so scarce? It is not so much the lack of boats. There is a very general misapprehension on that subject, because at the beginning of the war the German and Austrian demand for cotton was shut off, and the English spinners got together and decided they would not purchase any. That is one reason.

I have a letter here showing that a vessel was waiting down at Galveston for a cargo. She could not get it, and went off elsewhere. This information comes from a shipping agent at Galveston. In this connection I will read from a letter written in the form of questions and answers as follows:

Q. Will you kindly advise me to what extent the exportation of cotton and grain has been interfered with by the war, and whether it has been possible had the demand existed to send out greater quantities of cotton than have gone?

A. The exportation has been materially interfered with by the war, but we believe principally through the disorganization of financial channels in August and September. Infinitely more could have been sent out had the demand existed. We may cite the case of steamers which left here in ballast because no cargo was to be had, although they offered to take cargo at rates lower than current in July before the war broke out. The steamship *Barrington Court* proceeded in ballast through the Panama Canal to Portland, Oreg., to load a cargo of wheat for Europe.

It was there in Galveston ready to take on wheat or cotton or any other cargo that presented itself, but this disposition of the English buyers not to buy cotton and the closing of the German market prevented her from making the trip. Since then German buyers have been eager to purchase, but there exists a mined water route, a fact to which I have frequently referred; and I do not see how a boat could carry a cargo of cotton to Genoa and then ship it by rail, owing to the expense of the rail shipment.

Mr. KENYON. I wish to ask the Senator from Ohio—I know he dislikes to have his time taken up by questions—

Mr. BURTON. I am glad to yield to a question at any time, either from the Senator from Iowa or from any of my colleagues.

Mr. KENYON. The argument the Senator was making as to localities and the difficulty involved in this matter because of the political aspect seems to me a very powerful argument. I should like to ask his opinion as to substituting for this board, consisting of the Secretary of the Treasury, the Postmaster General, and the Secretary of Commerce, some kind of a nonpartisan board to handle the matter, such as the Interstate Commerce Commission. Would that to any extent minimize the dangers which the Senator has pointed out?

Mr. BURTON. I do not think it would at all change the international phase of the question. As to the working conditions of the board, the Senator from Iowa can tell just as well as I. It is that old question between a nonpartisan board or a bipartisan board and a strictly political board made up of officials of the Government, such as Cabinet officers. There are certain advantages both ways.

Mr. KENYON. The Interstate Commerce Commission, at least until recently, has been supposed to be safe from any influences of any character. It has been my thought that there might be a board similar to that, which would be nonpartisan, that could deal with this matter without some of the objections to which the Senator from Ohio has alluded.

Mr. BURTON. So far as the domestic question is concerned, I think it would be less likely to be subject to political influences, because presumably neither they nor anyone who would appoint them is liable to be a candidate for office. They would not then be under supreme obligations for political favors; but it does not seem to me that a change in the board from three Cabinet officers to a nonpartisan commission of four would make any very vital difference in this proposition.

Mr. KENYON. Would it not be better, in the Senator's opinion, than the present plan suggested in section 6?

Mr. BURTON. As between two evils, I would be inclined to prefer the lesser. I do not say that either of these boards would be an evil; I should have the highest esteem for those whom this bill contemplates for appointment and for such other board as might be chosen. But the system is wrong; the bill is vicious, and you can not cure its defects by creating a nonpartisan board to enforce it.

Of course the Senator from Iowa knows that that very same question arose in regard to the Federal Reserve Board. Some desired a majority representation of one party and a minority representation of another party; but, after full consideration, it was decided that it would be best to entirely eliminate the question of politics and appoint men because of their qualifications. That is somewhat different from this, because here these three Cabinet officers, who are proposed—

Mr. JONES. Mr. President—

Mr. BURTON. I yield to the Senator from Washington.

Mr. JONES. Is it not true that already very serious charges have been made against the Federal Reserve Board on account of politics?

Mr. BURTON. I am not yet ready to believe those charges.

Mr. JONES. I do not ask the Senator to say whether or not he believes them. I simply asked, Have not charges been made, and some of them from quite responsible sources, too?

Mr. BURTON. Yes; I think that is so. Some one has written me saying that that board assessed one of the regional banks \$50,000, and they could not see what good the \$50,000 had done. I suppose it was to pay the expenses incident to organization.

Now I come to another question which is most vital. From what source is the Government to secure these ships? If by construction, can they be secured soon enough to relieve the so-called emergency? If by purchase, then from whom?

Where will the Government get these ships? If there are any foreign ships that can be obtained without the violation of neutrality, every one of those is available for purchase by private capital, and options have been taken not only on single boats but on whole lines of boats—which have not been accepted because this bill is pending.

Talk about stimulating our merchant marine—stimulating it and making it easier for the farmer. Instead of helping the American flag on the seas, instead of helping the farmer and the exporter, you have put the worst obstacle in the way of them all by proposing a system of ownership which frightens away private enterprise, which promises inefficiency, and to which apply all of the deficiencies of public ownership and public operation. Where are you going to get the ships? If they are available anywhere, private enterprise will take them or their owners will bring them here.

The first day I made some remarks on this subject I sought to show the effect of one very important factor in this situation; that is, the reluctance of steamship owners, even in the face of the promise of higher rates and larger cargoes, to withdraw their ships from established routes, such as the lines to China, to Japan, and to India. Probably there is now a surplus of boats plying on those routes; there are probably more boats going to Cape Town than are needed, and some boats running to South America have not yet decided to withdraw from that trade in order to engage in traffic with Europe; but if conditions there continue private owners will likely transfer their ships to other routes. Suppose, however, you went to one of those private owners and said: "We want to buy your boat; you have a ship that is plying to South Africa, and we wish to buy it," what would he immediately do? The bullish side of the shipping market is now apparent. He would ask an enormous price for it, charging perhaps double what he would have charged six or eight months ago.

There are a certain number of ships in the world. The question is how to get them into operation. Will the Government, with its red tape and its bureaucracy, make these shipping units more effective than can the men who have made it a life work to manage them? The question suggests its answer.

Shipping is not like a business in which the Government has been engaged and which it has controlled for years, as it has the post-office business. Here, in the twinkling of an eye, it is proposed to enter this field and to place officials who have never engaged in the shipping business in charge of a \$40,000,000 corporation created to buy and operate ships. Whoever knew a great enterprise of that kind to succeed when placed in untried hands? When I say this I am not speaking disparagingly of the Secretary of the Treasury or of any of the other Cabinet officers. They simply would be called upon to assume a responsibility which they never ought to be asked to assume. They must enter, without either training or experience of any kind, upon the management of a business, highly specialized, requiring particular skill and experience.

And if they secure the ships, how are they going to operate them more efficiently than those who have made it a life work?

Remove the threat of this bill, either by defeating it here or by its withdrawal, and that energy manifested by the purchase of more than a hundred boats will be again enlisted. The investors who are driven from the field now will enter it a second time. Those men who went to shipyards and asked, "At what price can you build boats?" and who were intending to make contracts, but who have given up the project, will go back to the shipyards and renew their negotiations.

You will never restore the American flag to the seas by any such artificial measure as this. I feel that I can speak with peculiar frankness, because I have always opposed a ship subsidy. Several times there have been close votes on that proposition in the House and in the Senate, and I believe one time a

subsidy bill actually passed both Houses, but did not become a law.

Mr. GALLINGER. Mr. President—

Mr. BURTON. Sometimes such a bill passed the Senate but did not pass the House. I really regret that in speaking of this matter I have touched a sensitive nerve of my friend from New Hampshire [Mr. GALLINGER], for whom we all have the highest esteem.

Mr. GALLINGER. No; I was simply going to call the attention of the Senator to the way in which the bill to which the Senator has reference was defeated after it came back from the House with an amendment; but I will not take the time now to do so.

Mr. BURTON. I believe it was near the close of a session. The Senate deliberated for some little time on the subject, and the bill failed. That, I think, is the fact.

Mr. SUTHERLAND. Mr. President—

Mr. BURTON. Nor are you going to restore the American flag to the seas by this measure, which is infinitely worse than the other. Under a subsidy plan you at least know who your beneficiaries are. It is a plain, honest, straightforward method of attempting to do something though, I think, in the wrong way. You know who will get the benefit of what your Government is doing. Under this plan of buying boats, fixing charters, sending them to this or that port of the country, and with this or that kind of a product, nobody knows who are the beneficiaries. It is all under the control not of a general law but of a corporation, and about the nearest to a fake corporation of any of which I have known in a long time. Now I shall be glad to yield to the Senator from Utah.

Mr. SUTHERLAND. Mr. President, I wanted to ask the Senator from Ohio, in connection with what he has been saying as to the difficulty of securing ships, whether or not he thinks if the Government of the United States, through the instrumentality of the corporation which is to be organized, secures ships to go into the foreign trade, the Government would have any less difficulty than private owners are now having in securing facilities in foreign ports for unloading the ships? In connection with that I should like to ask the Senator another question so that he may answer them both together.

Mr. BURTON. First, let me answer that. On the contrary, the Government would have rather more difficulty, because private owners already have contracts with the harbor boards or the authorities in charge of the ports at Bremen, Hamburg, and other places. I fancy the greatest difficulty in securing wharfage facilities, if such a Government plan should be organized, would be in this country and in France. There would be less trouble in England and least of all in Germany and in Holland; but in this country the difficulty would be very serious.

Mr. SUTHERLAND. In that connection I want to ask the Senator, because I think he regards this as one of the vital matters in this debate, whether or not he agrees with the statement which I find in the New York Times of this morning in an editorial, which I would be glad to have the Senator read and incorporate in his remarks? This is the statement to which I desire to call the Senator's attention, and ask him whether or not it agrees with his own views:

Twenty-one vessels arrived at Liverpool last Thursday, and not one of them was able to get a berth to discharge its cargo. Sir Norman Hill, in an official report of the situation, said:

"The main cause, beyond question, is the shortage of labor, not only on the quays but in the transport services, by which the quays are cleared."

That is the statement of Sir Norman Hill. The editorial continues:

It would be idle to add to such congestion by providing more ships.

Mr. BURTON. Mr. President, I think that is decidedly so. It has been pointed out here again and again that one of the principal reasons for increasing freight rates has been the delay in foreign ports and the inability to secure skilled labor for loading and unloading vessels.

Mr. SUTHERLAND. I suggest that the Senator read the editorial; it is a very illuminating statement of that question.

Mr. VARDAMAN. Mr. President, I should like to ask the Senator from Ohio a question right at this point. Does the Senator think that Government-owned ships or ships owned by the proposed corporation, of which the Government would own the larger part of the stock, would be accorded immunity or any special favors that would not be given to private-owned ships and would have permission to go where the private-owned ships now find difficulty in going?

Mr. BURTON. Mr. President, I stated a little while ago that the question of the status of those ships perplexed me more than almost any other feature. I can not believe that the ships

owned by the proposed shipping corporation would be on the same footing in the eyes of foreign powers, belligerent or neutral, as private ships; but it has undoubtedly been the endeavor of the framers of the bill to give them the status of private merchant ships.

Mr. SUTHERLAND. The Secretary of the Treasury takes a different view of that matter.

Mr. BURTON. What does he say about it?

Mr. SUTHERLAND. I will hand the extract to the Senator.

Mr. BURTON. Very well; I will read it:

Some timid people have argued that if the Government is interested as a stockholder in a shipping company, and a ship of such company should be seized by a belligerent and brought into a prize court, the sovereignty of the Government would be involved. There is no ground whatever for this view. If the Government operated ships outright, just as it operates the vessels of our Navy, an awkward situation of this character might arise; but where a nation is merely a stockholder, or the sole stockholder, in a private corporation, its sovereignty is not and can not be directly involved if the ships of such a corporation become the subjects of litigation in a prize court concerning any issue which does not involve the Government itself.

I can not agree with that, although I dislike to differ—

Mr. VARDAMAN. From what is the Senator reading?

Mr. BURTON. From Secretary McAdoo's address. Let us assume that John Smith, an American citizen, buys or owns a boat, that it takes aboard a cargo of contraband and is caught in the English Channel by an English or French ship and taken into a prize court. John Smith is a citizen of the United States. It is a well-recognized principle of international law that no Government is responsible for the acts of its citizens in the matter of trade save in extreme cases, such, for example, as the harboring of vessels, as in the case of the Alabama. A citizen is allowed to carry contraband if he can escape capture, and the Government of the United States is not responsible for letting him sail. But Mr. John Smith is not the Secretary of the Treasury or the Secretary of Commerce or the Postmaster General. He is plain Mr. John Smith. On the other hand, here is a corporation 51 per cent of the stock of which is owned by the United States Government and controlled by three Cabinet officers. Their control extends to the minutest detail, and it is inconceivable that a boat in this time of war could carry cargo unless this shipping board approved of its character. They would vote the Government stock. This corporation, it might well be said in a prize court, is a mere mask, ingeniously put up, but it is a fiction. The Government of the United States owns all this stock except a few shares. The Government of the United States borrowed \$30,000,000 to buy these ships. The Government of the United States chose the managers of the line, the cargo, the date of sailing; everything is under the control of the officials of the United States. Is not that rather different from the case of plain Mr. John Smith?

Why, the difference is even greater than that. This enterprise was conceived for a specific purpose—to promote American trade, to restore our mercantile marine. If the Government is going into the business of restoring the American mercantile marine, does it not have a peculiar responsibility for all these boats, not merely by reason of control of the corporation, but by reason of the very purpose of this measure? As I said a few moments ago, the authors of the bill assume that the status would be the same, because it is a corporation; but it would be most embarrassing if one of these boats were caught carrying contraband. It would look as if the Government of the United States, whose carriage of contraband would constitute an act of hostility, was responsible for this action.

I do not wish to witness a boat owned by a corporation of this nature caught red-handed loaded with contraband. It would mean excitement in the country offended, and in our own country as well, that would test the discretion and the earnest efforts of the coolest heads in both countries. It would mean that a corporation, the special creature of the United States, controlled by its officials, had been carrying munitions of war to aid the enemy.

In this connection I noted a newspaper paragraph a few days ago tending to show whether the people think that ships owned, as proposed by this bill, would have the same status as ships owned by a private individual. Some one, perhaps unduly patriotic, proposed that when the ships were acquired they should be conveyed by our warships, so that no nation could overhaul them. That does not look very much as though they were in the same position as private ships. Of course, that may have been a mere random suggestion, but it shows what our people are thinking.

But first of all it is desirable for a proper understanding of this plan to know where the Government is going to secure the ships.

We have studied the utterances of officials of the Government, and they have treated a great variety of subjects, but I do not recall that they have anywhere said anything about the sources

from which they are going to secure their ships. Is it not time that we found that out? If there are no sources from which they are to be obtained by purchase, then you must await the slow course of construction. If there are sources from which these ships are purchased, what can you promise the American people that would not be promised by their present owners or by some active and alert American citizen who would take charge of them?

I sincerely hope that we shall soon hear something from somebody about where you are going to buy those ships. Is it in

Asia, Africa, or in Europe, in some hidden inlet in the sea—where are the ships that are not now in use that you purpose to buy?

"Oh, but there are a lot of German ships in our harbors," we are told. I have here a list of boats interned in American waters. This list was published in the New York Herald less than a week ago. I have a list based upon this and revised to a later date, but I think this is accurate, and I ask that it be printed in the Record at this point in my remarks.

The matter referred to is as follows:

Name of steamer.	Gross tons.	Net tons.	Passengers.	Crew.	Speed.	At—	Owner.
Vaterland.	54,282	23,548	2,264	923	24	New York, N. Y.	Hamburg-American Line.
George Washington.	25,570	15,379	2,755	525	19	do.	North German Lloyd.
Amerika.	22,622	13,637	2,567	541	17½	Boston, Mass.	Hamburg-American Line.
Kronprinzessin Cecilie.	19,503	6,584	1,576	650	23½	do.	North German Lloyd.
Kaiser Wilhelm II.	19,361	6,353	1,593	655	23½	New York, N. Y.	do.
President Lincoln.	18,168	11,171	2,751	305	14½	do.	Hamburg-American Line.
President Grant.	18,072	11,112	3,303	292	14½	do.	do.
Cincinnati.	16,339	9,733	2,449	370	15½	Boston, Mass.	do.
Pennsylvania.	13,433	8,527	2,671	222	13½	New York, N. Y.	do.
Grosser Kurfurst.	13,102	7,881	1,965	260	15½	do.	North German Lloyd.
Bulgarica.	11,440	7,218				Baltimore, Md.	Hamburg-American Line.
Barbarossa.	10,984	6,462	1,838	215	14	New York, N. Y.	North German Lloyd.
Prinzess Irene.	10,893	6,443	1,930	235	15½	do.	do.
Friedrich Der Grosse.	10,771	6,585	1,827	215	14½	do.	do.
Hamburg.	10,531	6,420	1,382	232	16	do.	Hamburg-American Line.
Rhein.	10,058	6,398	2,080	155	13	Baltimore, Md.	North German Lloyd.
Neckar.	9,835	6,200	1,920	170	14	do.	do.
König Wilhelm II.	9,410	5,764		172	15½	New York, N. Y.	Hamburg-American Line.
Bohemia.	8,414	5,248			13	do.	do.
Martha Washington.	8,312	5,379	1,101	250	17	do.	Unione Austriaca.
Köln.	7,409	4,666	656	105	12½	Boston, Mass.	North German Lloyd.
Dora.	7,037	4,536			13	New York, N. Y.	Unione Austriaca.
Rhaetia.	6,600	4,141		81	12½	Philadelphia, Pa.	Hamburg-American Line.
Erny.	6,515	4,171			13	Boston, Mass.	Unione Austriaca.
Prinz Oskar.	6,026	3,777	1,045	104	13	Philadelphia, Pa.	Hamburg-American Line.
Wittekind.	5,640	3,607	1,265	90	12	Boston, Mass.	North German Lloyd.
Ockenfels.	5,621	3,452		69		do.	Hansa.
Armenia.	5,464	3,385	978	44		New York, N. Y.	Hamburg-American Line.
Arcadia.	5,454	3,412		44		Norfolk, Va.	do.
Adamsturm.	5,000	3,169		66		New York, N. Y.	Hansa.
Pisa.	4,967	3,148	1,148	42	12	do.	Hamburg-American Line.
Himalaya.	4,948	3,152				do.	do.
Morowitz.	4,795					Galveston, Tex.	D. Tripovich S. S. Co.
Wilhelm.	4,761	3,012	1,071	91	12	Boston, Mass.	Atlantic Sea Navigation Co.
Prinz Joachim.	4,760	2,981		96	13	New York, N. Y.	North German Lloyd.
Serapis.	4,756	3,068		43		San Francisco.	Hamburg-American Line.
Prinz August Wilhelm.	4,733	2,975		101	13	New York, N. Y.	Kosmos Line.
Ida.	4,730	3,063			12	do.	Hamburg-American Line.
Prinz Eitel Friedrich.	4,650	2,921		62	12	do.	Unione Austriaca.
Franconia.	4,637	3,019				Philadelphia, Pa.	Hamburg-American Line.
Allemanina.	4,630	2,915		82	13	New York, N. Y.	D. Tripovich S. S. Co.
Harburg.	4,472	2,837				do.	Hamburg-American Line.
Saxonia.	4,424	2,782		48		Seattle, Wash.	Deutsche-Australische.
Clara.	3,932	2,541				New Orleans, La.	Hamburg-American Line.
Nassovia.	3,902	2,475		44		New York, N. Y.	Unione Austriaca.
Teresa.	3,789	2,381				New Orleans, La.	Hamburg-American Line.
Budapest.	3,651	2,321				Norfolk, Va.	Unione Austriaca.
Campania.	3,551	2,267				Galveston, Tex.	Atlantic Sea Nav. Co.
Sibiria.	3,535	2,246				Baltimore, Md.	D. Tripovich S. S. Co.
Sarnia.	3,402	2,168		52		New York, N. Y.	Hamburg-American Line.
Georgia.	3,143	2,022		51		New Orleans, La.	do.
Hohenfelde.	2,974	1,887		37		Savannah, Ga.	Nissle and Gunther.
Portonia.	2,778	1,744		28		New York, N. Y.	Reed Horn Atk.
Mala.	2,555	1,635		20		do.	Holm and Molsen.
Clara Mennig.	1,985	1,005				do.	Otto Zech.
Anna.	1,575	989				New Orleans, La.	Unione Austriaca.
Neptun.	197	131				San Francisco, Cal.	Joliet.
Total.	483,678	276,065	2,135	7,787			

¹Austrian steamers.

Mr. BURTON. First of all, among these interned ships is the *Vaterland*, of 54,282 gross tons, interned at New York City. I do not believe the Government would buy that boat. She is one of the two largest vessels in the world. She would cost about \$10,000,000. She is suitable only for a route where there is an immense passenger travel and heavy mails. Her value lies in her large passenger capacity and in her speed.

Mr. WEEKS. Mr. President, is it not true that this ship and her sister ship, although running on a thoroughly established route, were losing money rapidly when the war broke out, and is it not also true that they have not made money since they were put into the service?

Mr. BURTON. I believe the Senator is correct, although I do not know positively. Of course, a boat of that type makes a profit for only about four months of the year. When the war commenced the profitable season for trans-Atlantic steamers had not closed. No doubt but for the war she could have returned to Hamburg—or Cuxhaven, which is the port of Hamburg—and made one or two more profitable trips, but during the balance of the year she would have been run at a loss. The *Imperator*, as I recall it, had been running less than a year when the war broke out.

Mr. WEEKS. Less than six months.

Mr. BURTON. Next is the *Amerika*, 22,622 tons; the *President Lincoln*; the *President Grant*; the *Cincinnati*. All these are passenger boats. Then there is the *Pennsylvania*, which is a passenger boat, but also suited for carrying freight; the *Bulgarica*; the *Kaiser Wilhelm II*—that is a fast passenger boat—the *Hamburg*; the *Bohemia*. Looking over this list, the number of boats that could be utilized for the purpose now desired is comparatively small. I see here on this list the *Dacia*, for this gives all the harbors—Seattle, Baltimore, Galveston, and so forth. There are, in all, some 40 or 50 boats, with a total capacity of approximately 450,000 tons.

First of all, only a small fraction of the tonnage would be suited for the trade which we need to have developed. Most of them are high-grade passenger boats. In the next place, they are boats interned in our harbors belonging to one of the belligerents. And there is to-day a controversy as to whether one of these boats, which belonged to a German or Austro-Hungarian owner, can sail through to her destination free from seizure.

Mr. President, I do not think it is desirable for the Government of the United States to become involved in that question. Is the shipping board going to buy these boats? Persistent rumors have been circulated over the country that a potent in-

fluence for the passage of this bill proceeded from the fact that these boats were tied up in our harbors, and that their owners were extremely anxious to sell them. Is it contemplated that these boats will be bought with your \$40,000,000? That is a part of this question.

Mr. SMOOT. Mr. President—

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Utah?

Mr. BURTON. Certainly.

Mr. SMOOT. I wish to ask the Senator if he knows whether there is any truth in the report which is so common that there has been formed in Germany a corporation for the purpose of taking over the boats that are interned in the harbors of our country?

Mr. BURTON. I do not know as to that. I know there has been some talk in this country of forming a corporation, and indeed some progress made toward the formation of a corporation to take over these boats.

Mr. SMOOT. I asked the Senator the question because I understood that a company had been formed, and that the Hamburg-American Line had turned these boats over to this company just as soon as they were interned in our harbors; and I wanted to know if the Senator knew anything definitely with relation to that.

Mr. BURTON. No; I do not. I do not think anyone on this side of the water could answer that question, unless possibly some one having special knowledge because of his position as a diplomat or foreign representative. Suppose it were true, it would certainly be kept a secret from the people of this country. Only those who would be called upon to take part in the management of the corporation would be likely to know anything about it.

Suppose this matter were pending here in this Congress and a proposition was advanced to buy ships and Congress were debating the appropriation bills and we should run across an item of \$10,000,000 or \$40,000,000 for the purchase of ships. Would not that item be attacked? Would not Senators on both sides of the Chamber rise and ask, "What are those boats? Where are they to come from? How much are you going to pay for them? Because of the war is there not some danger that you will get into trouble by the purchase of them?"

In times of war we have given broad authority to the executive officers for the maintenance of the military strength of the country or for our defense. At one time I voted with a unanimous House of Representatives to set aside \$50,000,000 to be used by President McKinley when war with Spain was impending; but where is there another instance in which it has been proposed to spend immediately \$40,000,000 and to add to that unlimited authority to spend for the purchase of vessels hundreds of millions more, without Congress knowing anything about what is to be done? Is this a government by representatives of the people or is it a government by bureaucracy?

Mr. VARDAMAN. Mr. President—

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Mississippi?

Mr. BURTON. I do.

Mr. VARDAMAN. I wanted to ask the Senator what he thought of the practicability of the suggestion made, that possibly through diplomatic negotiations it might be arranged with the English Government that these interned ships could be purchased, with the understanding that the money would not be paid until after the hostilities ceased; and whether he thought possibly the English Government would not object to America enlarging her mercantile marine for the convenience and good of the world generally?

Mr. BURTON. As I understand it, there have already been negotiations on that subject, with the general conclusion that perhaps neither England nor France would object to Americans taking over these boats, provided payment was not made until the close of the war. Perhaps at one stage of the negotiations it was expected that they would not be used for trade with Germany. Of course one reason for that is perfectly obvious. They would go into German ports and restore the old relation that formerly existed and that would exist in case there was no blockade. But suppose that is true. What do you need this bill for? Private owners will very quickly take whatever ships can be used. Indeed, in view of the nature of these boats, I should look with suspicion upon any proposition to take the question of the purchase of those boats away from private parties and give it to public authorities, because the question would immediately be raised, "Why do you want to pay extravagant prices for these great ships, which at this time are absolutely useless?"

Are you willing to face the possibilities of corruption when there is such a tremendous stake as that? It would be far

better to leave this matter to contract or bargain between the present owners and private citizens of the United States. When you state the facts fully, it is not fair to leave to an official of the United States the decision as to how much should be paid for vessels; the transaction would be open to criticism. Will you pay for the *Vaterland* the \$8,000,000 or so that she cost? If so, you would be making a very bad bargain.

Mr. KENYON. Mr. President—

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Iowa?

Mr. BURTON. Yes; for a question.

Mr. KENYON. Where were the ships secured out of this appropriation of \$50,000,000 that the Senator speaks of at the time of the Spanish War?

Mr. BURTON. They were bought by the Secretary of War, and an infinite amount of scandal grew out of the transaction.

Mr. KENYON. That was the next question I was going to ask—whether there was any scandal growing out of it.

Mr. BURTON. Of course, I have always felt that perhaps we visited too much blame upon Government officials because of those Army transports, since there was an emergency. A great many people were nervous. We were entering upon a war, and in the midst of war expenses can be justified which would not be justified at other times.

Mr. KENYON. Did the scandal arise by reason of the alleged payment for the boats of more than they were worth?

Mr. BURTON. Exactly. Some extremists went so far as to say that we picked up every old tub that was offered and paid the owners the reproduction price. I mean, not the ordinary reproduction price, but what it would cost to build each boat.

Mr. KENYON. Where did those boats come from? There was no particular trouble, was there, in getting the boats?

Mr. BURTON. Some of them were foreign, and some domestic. The choice, of course, was given to domestic shipping.

Mr. KENYON. I should like to ask the Senator, too, if I am not violating the rule, whether it is not true that there have been some failures of contractors in England since the war commenced, and whether there are not boats that could be purchased there now?

Mr. BURTON. I think there are. I have seen statements in the newspapers that there were boats on the ways over there that could be purchased, which are, if not entirely finished, nearly finished; and, in view of the vexed situation, those who have contracted for the vessels are not able or ready to take them.

Mr. KENYON. I have before me a letter, addressed not to me but to another party, which was shown me on the very question which I raised when discussing it with him, saying that the writer had taken up this matter in England, and found there were a number of other boats, one of which was named the *Ohio*, which might be acquired.

Mr. BURTON. That ought to be a good boat.

Mr. WARREN. Mr. President, while the Senator is examining the papers I should like to say in regard to the purchase of boats, about which the Senator from Iowa has just inquired, that the occasion, as the Senator from Iowa states, was very extraordinary. I recall the time very well; and there was such a hue and cry and such a pressure from outside that the War Department felt that they must make immediate purchases, and of course they had to make purchases of such vessels as were fit to carry troops.

Mr. MARTINE of New Jersey. Mr. President, this may be a highly interesting conference, but the Senators on this side of the Chamber are utterly unable to hear the purport of it.

Mr. KENYON. There are very few Senators over there.

Mr. BURTON. I am sure we should all like to hear the Senator from Wyoming on this question which has been raised.

Mr. WARREN. Mr. President—

Mr. BURTON. I yield, though I do not wish to yield the floor.

Mr. WARREN. Mr. President, I have no desire to take the floor from the Senator from Ohio.

Mr. SIMMONS. Mr. President, I wish to make an inquiry. Does the Senator from Ohio yield the floor to the Senator from Wyoming, or does the Senator from Wyoming—

Mr. WARREN. Mr. President, I might ask how the Senators have the floor who are now attempting to use it—certainly not by right of inquiry of the Senator from Ohio.

Mr. SIMMONS. I asked the question in good faith.

Mr. BURTON. I have not yielded the floor. I am perfectly willing to yield to the Senator from Wyoming for a question.

Mr. SIMMONS. Mr. President, I make the point of order that if the Senator suspends his remarks in order that some other Senator may proceed, he does, as a matter of fact, yield the floor. Of course, if the Senator rises merely for the purpose

of interrupting or asking a question, that is a different thing; but if the Senator yields in order that the Senator from Wyoming may proceed to discuss the pending bill or some other bill, then he undoubtedly yields the floor.

The VICE PRESIDENT. "The letter of the law killeth, but the spirit giveth life." The Senator from Ohio did not yield. The Senator from Wyoming was proceeding, and the Chair did not hear what he was saying, and probably nobody else heard what he was saying, unless it was the Senator from Ohio. The ruling has been uniformly the same—that the Senator occupying the floor can not yield it to another Senator for the purpose of discussing the question at hand, but the Senator from Ohio did not yield.

Mr. WARREN. Mr. President, I was about to ask a question. It is not material, however.

The VICE PRESIDENT. If the Senator from Ohio desires to yield in order to permit the Senator from Wyoming to ask a question, it is perfectly in order.

Mr. BURTON. I will yield for that purpose.

Mr. WARREN. I was laying the foundation for a question. I am very sorry I did not speak loud enough. It is rather a new complaint to be lodged against me, and I thank the Senators for wishing to hear what I say.

Mr. SIMMONS. Mr. President, I hope the Senator from Wyoming will not intimate that I would interfere with his right to ask a question.

Mr. WARREN. Oh, no.

Mr. SIMMONS. I did not understand that that was the purpose of his interruption.

Mr. WARREN. I was about to ask if the Senator does not believe that any scandal that arose from the vessels used by the War Department as transports in the late War with Spain—

Mr. SMITH of Georgia. We still can not hear the Senator.

Mr. WARREN (continuing). Arose from the sale of them later on in the condition they were in, and a comparison of the price that was paid with the price that was received for them? Of course, those vessels were bought under great pressure, and were of a character that could be most readily adapted to the purpose, and were sold in the condition of use without repairs, and so forth. I want to ask the Senator whether he assumes that there was any scandal of a nature that hinted at fraud or corruption, or whether it was the circumstances surrounding the transaction that were criticized?

Mr. BURTON. Of course, that was 16 years or more ago. According to my recollection, it was charged that the matter had not been properly handled. Of course, the great disparity between the prices paid for certain boats and the prices realized for them was the feature which brought the question most prominently before the public. Some newspapers made serious charges, alleging that the matter had not been profitably handled, and there were at least suspicions of corrupt influence. But, Mr. President, while I presume that was in a measure incident to the conditions of the time, it goes to show that a Government should hesitate a long time before it goes into the business of buying boats.

Mr. WARREN. The Senator is right about that.

Mr. BURTON. I note that the letter handed to me by the Senator from Iowa [Mr. KENYON] contains some most important material. This letter is dated December 23 and was forwarded to Mr. B. N. Baker, who has been somewhat prominent in this connection. Would the Senator object to my reading it?

Mr. KENYON. I have no objection at all to the Senator reading it. It contains interesting information.

Mr. BURTON. I may want to comment on it in a few words after reading it. [After reading a part of the letter.] That is the trouble about this whole proposition. The first vessel is only about ready for delivery and the sister ship will be ready in about six or eight months. Three were contracted for before the war. The contractors failed and the builders offered them at a slight profit over the contract price. I have not had time to thoroughly examine this letter, but if there is no objection, I should like to have at least a portion of it printed in the RECORD. Then, it can be examined by all Members of the Senate and remain as a contribution to this discussion.

Mr. KENYON. I think there will be no objection to it. I ask unanimous consent to have the Baker correspondence printed in the RECORD.

The VICE PRESIDENT. Is there objection? The Chair hears none.

Mr. BURTON. It will throw some light on this discussion.

The matter referred to is as follows:

[Copy of cable sent Dec. 23, 1914.]

BERNADINE, Baltimore:

Can offer, if unsold, steamer completing, *St. Nazaire*, 12,000 ton, 11 knots, Lloyds class 100A1; sister ship ready 6/8 months; 90,000 each.

Andreas, built Doxford, 10,300 tons, 10 knots. Returning maiden voyage New York; could deliver February; 85,000. Would five 8,000-ton, 10 knots, single deck, building, interest? Might get them 75,000 each; first about ready; all delivered six months.

FEILD.

BERNARD N. BAKER, Baltimore.

LONDON, December 23, 1914.

B. N. BAKER, Esq.,
Baltimore, Md., U. S. A.

DEAR BERNARD: I confirm cable sent to-night, offering you the three boats, particulars of which I mailed you yesterday.

As stated in my letter yesterday, all available tonnage is in great demand here at present, and up to this evening I have been unable to get anything else to offer. At the same time I shall continue my search.

I included in my cable an inquiry as to whether five 8,000-ton, 10-knot boats would interest you.

I know of five boats of these dimensions which are being built for one company.

The first one is just completing, and they say all five of them will be completed within six months.

The builders inform me that they think they could get the owners to sell them for £75,000 each; and it occurred to me that possibly five sister boats, though they were 2,000 tons below the capacity you want, might be attractive to you, and I await your reply before further considering them.

Unfortunately, I learn that the steamer *Andreas* has already left New York returning from her maiden voyage. She belongs to a Greek, who is simply willing to sell her for cash at something more than he paid for her. She, of course, is a new steamer, completed in November.

I was very much in hopes you could see her while she was in New York, but the owner has just informed me that she has left New York. She could be delivered on this side, however, in February, or possibly sooner if she has finished discharging.

If you must have 10,000 tonners, she strikes me as being a suitable boat. She was built by Doxford & Sons, of Sunderland.

The two steamers which I offer you, built at St. Nazaire, ought to be attractive to you.

They are not dear at £90,000.

The first one is about ready for delivery, and has been named *Ohio*.

Her sister ship, they say, will be ready in about six or eight months. There were three contracted for before the war. The contractor has failed, and the builder is offering them at a slight profit over the contract price.

The builders, Chantiers & Ateliers, are reputable people.

I hope in your letter you will give me some definite information as to what the ships are wanted for.

If they are wanted to run from New York to Frisco, I think the Government here could easily be induced to allow them to go under the American flag, while if they are intended for regular tramp business, and possibly to carry cargo to belligerent countries, they might possibly place some difficulties in the way of the builders exporting them to a neutral country. At the same time, I believe this difficulty might be overcome.

The possibility of this difficulty of course would not arise with either the French or the Greek boats.

I believe I can offer you any available boats to be had, and sincerely hope we may be able to do some business.

Of course when it comes to final business, all of these prices might be subject to counter offers.

Owing to the condition of the market, however, owners will not make firm offers until they are satisfied it means business.

Yours, sincerely,

THOMAS L. FEILD.

Mr. BURTON. I shall be inclined to think on a first examination that it shows a certain number of boats in England for which contract has been made by persons hoping to own them, but which were thrown on the market by reason of the failure of the prospective buyers. It is true that one of them is not quite ready for delivery and the other will be ready in six or eight months, which, in a way, prevents using this transaction as an illustration to throw any light on present conditions; but it merely goes to confirm what I repeatedly said in this discussion—that prospective buyers, private individuals, and corporations are holding back because of the pendency of this bill. Why should the Government pursue this kind of a policy? Since August, when the bill was first brought in, it has served as a threat which has restrained the purchase of boats by private persons. Of course I do not think this bill was at first taken very seriously. It was the general opinion throughout the country that it would not be favorably regarded, but it seems to have gathered strength; and here, in the last half of January, we are told that it is more important than any other legislation, more important than rural credits, more important than appropriation bills. Indeed, there is an intimation that if all the rest of the session is necessary to pass it, this must be put on the statute books of the United States. It is not only the method, but it is the bill that I oppose. It is in violation of every business principle. Even if Government ownership is a good thing, this is not a good place to try it; perhaps the very worst where it could be tried.

I think, Mr. President, I can safely say that if vindication is what the opponents of this bill were seeking for they would be entirely willing to have the bill passed. Time vindicates the man whose course is not approved, whose opinions are not accepted if they are right. It is very safe to wait on this measure should it go into operation.

There is an editorial in the New York Times of this morning on this subject. This paper has published several able editorials in relation to this bill. I will read it as a part of my

remarks. New York Times, Wednesday, January 20, 1914, page 8, column 2:

"FINISHING" THE SHIPPING BILL.

Washington dispatches say that the Senate committee is putting the "finishing touches" upon the Government shipping bill. That seems superfluous for two reasons: The action of the caucus was almost fatal, and the trade returns published yesterday ought to be quite so. An increase of exports in December, 1914, over the figures of December, 1913, by \$13,070,419 indicates no such deficiency of shipping that the Government should intervene to supply it at the cost and risk of the taxpayers.

Mr. President, for the week ending last Saturday the exports from the city and port of New York were still further increased, being \$30,000,000, a larger amount than ever before in the history of the port. Why do you need to go into the shipping business under such circumstances as that?

That is true also of the year's total exports, which have been exceeded but twice. The excess of exports over imports by the great sum of \$131,863,077 surpasses every previous December, and has been equaled only in a single month in the Nation's history. The fact is that only one considerable class of exports might have been increased by shipment in Government boats. A Government line might have carried contraband in ships acquired from belligerents more freely than privately owned shipping. But that way of making trouble will hardly be proposed as a reason for proceeding with the Government line. Those who have our moral approval of their contentions are in control of the seas and can get all the contraband they need. To supply contraband at a profit to those who on the merits we think ought not to win this war, questions of friendship apart, is not a duty of government.

I can hardly conceive, Mr. President, that any consideration of this nature as a preference between nations should come into the calculations of any Government official. To me that is unthinkable. I do not know that there is more than a mere hypothetical case stated here.

It is especially fatuous to provide Government shipping, or private shipping with Government aid, when the necessity of the case is not so much shipping as facilities for loading and unloading. To the facts on this point as given by carriers' spokesmen on this side of the ocean may now be added incontestable evidence from the other side. Twenty-one vessels arrived at Liverpool last Thursday, and not one of them was able to get a berth to discharge its cargo. Sir Norman Hill, in an official report on the situation, said:

"The main cause, beyond question, is the shortage of labor, not only on the quays but in the transport services, by which the quays are cleared."

It would be idle to add to such congestion by providing more ships. The trouble is not one of trade, but of war. Some ports are closed, throwing more business upon others than they could do in favorable times. Many dock laborers have enlisted and others are earning such high wages that they are independent. Commerce is not running in accustomed lines. Strange boats are on unfamiliar routes and require more attention than liners running on routine. If any Government should intervene, it is not ours. We are shipping full volumes of goods at our own prices, and the freight is paid by the buyers—

I tried to establish that point yesterday, but now I have at least the very potent approval and sanction of this very able newspaper—

and the freight is paid by the buyers. They should worry, not we. We should worry only if those who are more eager than wise—

This is an important contribution in this day when persons are reproached as uninformed and ignorant—

They should worry, not we. We should worry only if those who are more eager than wise should thrust us into an experiment which is not only unnecessary in a commercial sense but is obnoxious politically. No Democrat can keep the name and support a subsidy scheme concealing Government ownership and operation. In proportion as the "finishing touches" meet these objections the bill will lose attractiveness to those who now support it because of these defects.

Mr. President, one might think this language is from some antiadministration paper, some stand-pat, reactionary, Republican newspaper, as terms bandied about. This is a paper that supported the President most strenuously in the campaign of 1912, and it seems to support him yet, though recently apparently with some reservations and some apprehensions that it can not continue long in the course which it has thus far pursued.

Here is another editorial from the New York Evening Post of yesterday:

Last night's caucus of Democratic Senators was ominous for the ship-purchase bill. A final decision was not reached, and there is to be another meeting to-night; but so many—

I have no doubt, Mr. President, this does not contain any news to those who took part in the caucus. They knew all about it when they went there. They called it a conference, a term which is very carefully applied to these gatherings when our friends on the other side get together. Indeed, if you ask them if they are going to a caucus, they say, "Oh, no," like some one who has given the wrong password, "it is not the caucus, but the conference." I desire to apologize for the Evening Post, as well as myself, that it called this meeting Monday night a caucus.

Last night's caucus of Democratic Senators was ominous for the ship-purchase bill. A final decision was not reached, and there is to be another meeting to-night; but so many strong objections were made to the bill as it stands, so many important amendments were referred to

the Committee on Commerce, and there was such a lack of hearty endorsement of the whole measure, that it seems to be doomed to failure at this session. It certainly will fail if the Republicans put up the stout fight against it which they promise to make. With appropriations struggling for right of way and less than seven weeks of working time left, no bill of this contentious nature can be passed before March 4, if full advantage is taken of the rules of the Senate to prevent it.

This feeling that they are engaged in a hopeless undertaking may have had something to do with the want of enthusiasm shown by the Democratic Senators last night.

Of course, this statement is open to contradiction. It may be said that the caucus or conference was wild with enthusiasm instead of lacking in enthusiasm. So it is perfectly possible to correct this article.

And they may also have been influenced by other things. They may have had before them the figures of the American export trade for December. These show a total higher than ever before reached in that month except once. The full details are not yet at hand. If it be said that the abnormally high prices of wheat must have swollen the money value of the exports, it can be replied that the abnormally low prices of cotton were at least a partial offset. Anyhow, there stand the big figures strongly tending to refute the underlying contention of the Government ship purchasers, that American goods can not be sent abroad because there are not enough ships to carry them. Much to the same purport is the reported interview yesterday between Mr. Morgan and the President. The banker told Mr. Wilson that the sudden leaping up of American exports had so changed the whole foreign-exchange situation that it was no longer necessary to keep the gold pool in existence.

All this necessarily gives the ship-purchase bill the look of a superfluous lag on the stage. Its original professed intent was to meet an emergency. But that emergency has largely passed away. This is so generally admitted that the ground has been shifted now, and it is argued that the bill gives us a fine chance for making a beginning of an American merchant marine. But the bill must be one thing or the other. If it is absolutely necessary in order to surmount a crisis, the country might condone in it some features which seem ill-considered and full of danger. But if it is a bill of a large and far-sighted kind to restore the American flag to the ocean, then the discussion of it must be on another basis. It can not any longer justify its dubious provisions as emergency measures. The whole thing is up for searching debate. And as soon as that begins it appears, as was abundantly manifest at the Democratic caucus, that the bill is full of holes.

Closely related to this entire question is the matter of the war risks to which our export trade is subject. The delays and uncertainties due to the exercise of the British right of search have been a real grievance. But this, it is plain, is in a fair way to be largely got rid of. The friendly protest by our Government has already had its effect. One of the most marked effects was upon English public opinion. The cable gave us the run of newspaper expressions, which were conciliatory enough. But we had to wait for the mail to get the views of weekly publications of special significance like the London Economist and the Shipping World. The former sharply criticized the British Government for its whole course in the matter of contraband and the right of search. It pointed out the vacillation in regard to the lists of contraband articles published from time to time and argued that this proved a lack of ordinary business ability and even business information in the foreign office. And the Shipping World of January 6 is most considerate as regards the American position. In this it sees "nothing unreasonable," and even goes so far as to favor the view "that the search of an American ship or a ship with an American cargo should be concluded when such a ship is stopped on the high seas and that further delay for the purpose of examination should not be practiced in the way of taking such ship and cargo into a British port for further examination." Of course if the preliminary search showed the presence of contraband goods, then seizure and the delay of being taken into port for further examination would naturally follow. Quoting from the Evening Post in regard to the need of having it clearly established under what risks of detention or seizure our goods are sent abroad, the Shipping World says: "Surely American exporters and shippers are entitled to that."

Both ways, then, the American export trade is getting into better shape. Sufficient tonnage is being found, even if the freight rates are still made high by war risks. And on the diplomatic side it is evident that the British Government will meet our own half way in the matter of contraband and of the right of search. With these, be it noted, the case of the *Dacia* has nothing to do. The question about that ship is simply the validity of her change of registry.

Mr. President, I have read these two editorials—which are perhaps the first editorials from newspapers that I have ever presented in the Senate—because of their clear statement of the case, because they are entitled to special consideration, both as proceeding from journals which, at least in the past, have supported the administration, and I think they throw very material light on this controversy. In the strongest terms they condemn the shipping bill. If there was an emergency, they say it has passed. They point to the fact that, with one or perhaps two exceptions, December showed larger exports than I believe ever were sent out from this country; and it can further be said that last week showed greater exports from New York than any week in its history.

Mr. KENYON. Mr. President, I should like to inquire of what these increased exports consisted? Have they been munitions of war?

Mr. BURTON. I do not think they have been analyzed. Probably there is a considerable amount of munitions of war. Of course, the shipments of wheat have been very large. Wheat exports have been larger, or at least of greater value, during this year than for a long while.

Mr. KENYON. Have most of the boats in which these exports have been carried been English vessels?

Mr. BURTON. I think so, with some exceptions. I really could not state with definiteness how that is. I know that some

boats in the coastwise trade have been turned aside to foreign trade.

Mr. KENYON. Has the Senator from Ohio any figures to show what proportion of this increase which we are sending over there has been munitions of war?

Mr. BURTON. I have not, I will say to the Senator; but I regard all those questions as important, and before this discussion is finished I shall try to give information on all of them.

I think I have already touched on this further branch of the question sufficiently. If the Government is to secure these boats by construction, can they be secured soon enough to relieve the so-called emergency? It would require an unusual efficiency to finish any boats suitable for this trade in less than nine months, and the normal time would be a year or more. Even so, does not everyone who is familiar with Government work know just what would happen? Government inspection would be asked to oversee the building; the construction would be infinitely slower than in case a private individual made the inspection, because of the difference in Government methods. I have sometimes, when talking with my constituents, most earnestly defended the methods of the United States Government in requiring thorough construction, and apologized for the slowness, for the long time between beginning and completion, for the reason that any property of the Government—any public work, any building—should be substantial in its character and built to stay. We all know that when provision is made for a public building it is a long while before the plans are approved and the construction commenced. Oftentimes after that it is still longer before the building is completed. However, we are face to face with the fact that if promptness is desired Government methods are not the best way of securing it.

The next question is, If the purchase of interned vessels is contemplated, will it not prejudice the quality of our neutrality? If such purchase were at all feasible, could it not be accomplished with less prejudice by private capital than by public capital? On that question, in answer to questions of Senators, I have already dwelt at considerable length. I should very much fear the day, Mr. President, in which a ship owned by such a corporation as the one contemplated should be seized and hailed before a prize court on the charge of carrying of contraband.

Now, suppose a ship owned by the Government through this corporation should be seized by France or England and treated as if it were a private ship. Just think of the excitement that would be aroused in this country. On the other hand, if it were a private-owned ship, all the excitement would be stayed. It would be said that one of our citizens had endeavored to get contraband over to Germany, that he had been caught, and that he would have to take his chances. If the position is taken that the Government-owned ships would be freer from search or seizure, I should like to know upon what principle that contention is based. If this Government chooses to go into private business, why should it not take the risks of private business? The point that I want to make and emphasize is this: That while in every aspect of international law a boat owned by a corporation sustained by the Government might be subject to the same rules as a private boat, its status, the interest of the Government in it, would give it a quality peculiarly embarrassing to us.

Mr. KENYON. Mr. President, will the Senator allow me to interrupt him?

Mr. BURTON. I yield to the Senator from Iowa.

Mr. KENYON. Right in that connection I should like to ask the Senator's opinion as to the effect upon belligerent nations of the transporting of munitions of war manufactured in this country by boats owned by the Government to one of the belligerent powers across the water?

Mr. BURTON. Boats owned by our Government?

Mr. KENYON. Yes; under this bill. Would that produce a very happy frame of mind on the other belligerent nations? I notice in the New York World—

Mr. BURTON. Let me see if I understand the Senator. The question is, What would be the status of a boat of the United States, flying the United States flag, carrying munitions of war?

Mr. KENYON. One of the boats provided for under this bill carrying munitions of war, for instance, to England?

Mr. BURTON. Suppose it were caught by a German boat, or even if it were not caught but it were known that such a boat had sailed carrying such a cargo?

Mr. KENYON. What would be the situation?

Mr. BURTON. It would be a hostile act; there is no question about that. An individual living in one country can carry munitions of war to a belligerent, but a Government can not

do so without the interpretation being placed upon it that it is an act of hostility.

Mr. KENYON. Is there not a specially great danger, then, in this plan at the present crisis of the world?

Mr. BURTON. I think so.

Mr. KENYON. I notice in the New York World an interesting article—

Mr. BURTON. Of course in that connection I may say that some are arguing that these ships are on an entirely different basis—I dwelt on that some time ago—that they are of the same status as private ships, but I do not see how that can be successfully maintained.

Mr. KENYON. I do not know how the Senator feels about this country manufacturing and transporting to foreign nations engaged in war munitions with which they assist in killing each other and then setting aside Sundays to pray for peace. I notice in an article in the New York World that in the month of November there were \$2,425,745 in munitions of war exported from the United States. Now, the point that is troubling my mind a little is this: If we had Government ships and they transported munitions of war, would we not commit a hostile act toward one of the belligerents?

Mr. BURTON. It seems to me so; at any rate, it would create the feeling that we were hostile. Is anybody going to think that setting up a man of straw to do the Government's business makes it other than the business of the Government itself? If you are going to have any Government ownership, let us tackle the problem bravely and buy ships, so that they will not belong to the United States Export & Import Association (Ltd.), but to the United States of America. I do not say that I shall favor any such proposition as that, but that at least would have the virtue both of frankness and of convenience.

Mr. SUTHERLAND. Mr. President, if I may ask a question at that point, does not the Senator from Ohio think that we would be in a less embarrassing position, so far as foreign Governments are concerned, if we had out and out Government ownership than if we occupied this doubtful status, particularly in view of the fact that the Secretary of the Treasury, who will be himself a member of this board, has already stated that when the Government becomes a stockholder in this corporation it lays aside its sovereignty? In other words, does he not think that we would be in a better position if our sovereignty were undoubted?

Mr. BURTON. Mr. President, it would clarify the situation and remove these doubtful questions.

Mr. SUTHERLAND. Now, I ask the Senator the further question whether or not he is familiar with the decision of the Supreme Court of the United States rendered at quite an early day—I have forgotten the exact time—which, in substance, held that when a State entered into private business, it took substantially the status of the private individual?

Mr. BURTON. A decision to that effect—perhaps an earlier one was also rendered—was announced by the Supreme Court within a comparatively few years in the South Carolina dispensary case.

Mr. SUTHERLAND. That was a later case.

Mr. BURTON. The State of South Carolina took to itself the selling of liquor. Along came the Government officials and told them that they must pay the internal-revenue tax. They said: "No; it is the State that is selling this liquor." The question was carried to the Supreme Court of the United States, and the Supreme Court said that if a State engages in private business it must be subject to all the taxes and all the responsibilities and liabilities of those engaged in private business.

Mr. SUTHERLAND. I ask the Senator this further question: The Senator has already commented upon the difficulties that would arise if some of these ships occupying this doubtful status were carrying contraband articles. Does the Senator doubt that that question is quite likely to arise, in view of the fact that the present Government has already issued an order which holds up the publication of manifests for 30 days, with the apparent object of facilitating the trade in contraband articles?

Mr. BURTON. It would certainly arise, and under circumstances that would threaten the peace of the world. These belligerent countries that control the sea would very properly say, "These two things together constitute an evasion—in the first place, the withholding of the manifest; in the next place, this most peculiar form of incorporation or organization."

In some way I anticipate that the corporation feature will be stricken out of the bill. It is never safe to prophesy as to what amendments will be offered. In the first place, I do not see how we can do business in that way, and, in the next place, it is such a clumsy device for doing something that could be much more readily done in other ways.

Mr. BRANDEGEE. Mr. President—

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Connecticut?

Mr. BURTON. Yes; for a question.

Mr. BRANDEGEE. I want to ask the Senator from Ohio if he does not think there would be more warrant for a foreign Government to consider the operation of ships in the carrying trade under the provisions of this bill, because there is no provision in our Constitution distinctly authorizing the Government to go into it, and the burden upon us to show that it was a governmental function would be all the greater on that account?

Mr. BURTON. In other words, "you are going into something that was not contemplated when your Constitution was framed, and there must be some strange or ulterior purpose in it." When you get a bill so singular as this in so many of its features that point would be in line with its peculiar and very exceptional qualities.

There is this further branch of the question: If such purchase were at all feasible, could it not be accomplished with less prejudice by private than by public capital?

That introduces the whole subject of comparisons of public and private capital. If the Government went into the market to buy, there would immediately be a movement to sell the ships only at the very highest figure. Extravagant prices, no doubt, would be paid, as in 1898. Private parties, through the ordinary course of business negotiations, could succeed much better. If the aim of the measure is to build up an American merchant marine, will not this bill defeat its own purpose by driving private capital out of the business? Will not a larger amount of private capital be kept from investment in ships by this bill than the bill contemplates that the Government shall spend?

Is it not true that private capital has been driven out of the business and that this bill has prevented the investment of further amounts? What do you deduce from the figures of foreign boats already taken over in this country? When was the largest number taken over under the act of last August? Are boats being taken over now? Is that because there are no boats in the market? If there are no boats in the market for private owners to buy, where will the Government secure any? If there are boats in the market which have not been transferred to American register which could be transferred, is it not because private owners do not wish to buy them with this bill pending?

The eleventh question is, Should the seemingly impossible happen and the Government-owned line prove profitable, to whom would it be sold?

Mr. President, that is hardly a reasonable assumption. But the answer to this question will throw light on the whole project. There seems to be an idea with some that this line will be profitable; that the business will be transacted, and will attain such a degree of prosperity that private owners will desire to purchase it.

What will happen then? Will it be sold by public auction? Will it be sold in the ordinary way in which a corporation disposes of its property? Will somebody get a controlling interest in the stock of this corporation? Do you believe it possible, as stated in one of the communications which we have received, that the time is coming when this corporation will be so profitable that private individuals will wish to take the stock or the property away from the Government?

Twelfth. Will the managers of this Government line enter into conferences or agreements with existing lines?

I have already taken up this point. There is abundant evidence to show that in the one line that the Government acquired conferences have been held, and the Government has pursued the same course as would have been pursued by a private owner.

If, instead of acquiring a line to carry out a great work that the Government has under construction, boats should be purchased for the mere sake of carrying freight in competition with other lines, will not the Government again be compelled to enter into conferences? If so, is that in accordance with the antitrust laws? In what kind of a position will it place this Government or its agent if it joins in these gentlemen's agreements or conferences?

Or, take the other side of the question: Suppose you do not go into these conferences. In view of the necessity of regular sailings, supplying all ports with shipping facilities, dividing up the boats among the different routes of the world, how would any Government-owned line succeed unless it entered into these agreements with other shippers?

Mr. GALLINGER. Mr. President—

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from New Hampshire?

Mr. BURTON. Yes.

Mr. GALLINGER. The Senator speaks of conferences. I am not very well informed on that subject; but would this be along the same line as the European conferences and combinations which have been so severely condemned by one branch of Congress as the result of an investigation?

Mr. BURTON. That is the question I am propounding. The report made within a year or so by the Committee on the Merchant Marine and Fisheries seems to favor these conferences under proper Government supervision.

Mr. GALLINGER. I knew they had been investigated.

Mr. BURTON. Will boats be acquired for special services, such as carrying fruit, meat, or oil? In the normal development of the business special types of boats have been built for all these purposes. Just as there is subdivision and specialization in the different branches of manufacture, so there are now subdivisions in the types of ships; the United Fruit Co. having a large number of ships for carrying fruits from Central and South America to the United States; the Standard Oil Co. has a large fleet of tank boats to carry oil; and there are also refrigerator boats for carrying meat. If the Government is going to go into the business, then it must have boats for all these different lines of business. If it does not, what will be the situation? Will the boats of these types already in existence have a monopoly of the trade? Or will the different interests subserved by this class of boats be neglected in this general Government scheme?

This all tends to show the difficulties which would arise if the Government entered into a line of business so thoroughly developed.

Will the Government operate the boats through the proposed corporation, or will it charter them to private parties? It has been stated in the press that the proponents of this bill intend to offer an amendment to this bill providing that when the boats are bought by the Government they shall be chartered to private parties. That shows the shifts to which this measure is likely to be subjected. One proposition is that they shall be leased at 4 per cent on their value. Why, Mr. President, there is a deterioration account in every boat which must be taken into consideration in the management of such a business. It is not a question of 4 per cent on the amount invested; it is a question of a reasonable income on the boats and in addition a provision for deterioration. Then there are other complications. Constant replacement is necessary, and it would be impossible, without expert consideration, to determine the amount that would have to be so expended at the end of a year. Indeed, the computation could not be made with accuracy for a year in advance.

Then, still further, it opens the way for playing favorites. It furnishes a precedent for the Government buying other things. I should like to know if the Democratic Party is going to vote for a bill that proposes Government ownership such as this. What a spectacle it will be for the party of Thomas Jefferson!

Mr. GALLINGER. Mr. President, if the Senator will permit me, I wish to ask the Senator if he has noticed that in the amendment proposed by the Senator from Georgia [Mr. SMITH], in addition to the 4 per cent, it is provided that there shall be a charge of 5 per cent per annum for depreciation and full insurance?

Mr. BURTON. Well, of course that is an estimate on depreciation; but let us put ourselves in the place of shipowners. Suppose the Government buys six ships. One is a new steamer, built with the latest equipment; another is a wooden steamer that has been in use for 30 years. What kind of an arrangement would it be to lease both of those boats, the iron or steel steamer that probably will not deteriorate much during the year, at 5 per cent for deterioration, and the other one, that is almost ready to go to the junk heap, at the same figure?

That all shows the futility of the Government attempting to go into business in this sort of a way. I take it that there might be, after the boat has been used, some effort made to determine just what was the diminished value during the year, but it would be difficult if not impossible to arrange that in advance. The fact is that the majority of ship charters are made either for a comparatively short time or under terms as to the repairs that are provided for by the person who takes the use of the boat. I make this statement with some slight hesitancy, because that may not always be the arrangement. I do not believe that in any event a successful attempt could be made to fix a definite percentage of deterioration within a year.

Mr. LODGE. Mr. President—

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Massachusetts?

Mr. LODGE. I rise to a question of order.

The VICE PRESIDENT. The Senator from Massachusetts will state the point of order.

Mr. LODGE. I make the point of order that there is not a quorum present.

The VICE PRESIDENT. Does the Senator from Ohio yield for that purpose?

Mr. BURTON. I yield for that purpose.

The VICE PRESIDENT. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Gallinger	Myers	Smith, Ariz.
Brady	Gore	Norris	Smoot
Brandegree	Gronna	O'Gorman	Sterling
Bryan	Hardwick	Oliver	Sutherland
Burton	Hitchcock	Overman	Swanson
Camden	Hollis	Page	Thomas
Catron	Hughes	Perkins	Thornton
Chamberlain	James	Pittman	Tillman
Clapp	Johnson	Poindexter	Townsend
Clark, Wyo.	Kenyon	Robinson	Vardaman
Colt	Kern	Saulsbury	Warren
Culberson	Lippitt	Shafroth	Weeks
Cummins	Lodge	Sheppard	White
du Pont	Martin, Va.	Shively	Williams
Fletcher	Martine, N. J.	Simmons	

Mr. ROBINSON. I was requested to announce that the Senator from Tennessee [Mr. LEA] is detained from the Chamber on account of official business.

Mr. SHAFROTH. I desire to announce the absence of the senior Senator from Missouri [Mr. STONE] and the junior Senator from Missouri [Mr. REED] on business of the Senate.

Mr. KERN. I wish to announce the unavoidable absence of the senior Senator from West Virginia [Mr. CHILTON]. He is detained on account of sickness.

Mr. CATRON. I desire to announce the necessary absence of my colleague [Mr. FALL], who is detained by serious sickness in his family.

The VICE PRESIDENT. Fifty-nine Senators have answered to the roll call. There is a quorum present.

During the delivery of Mr. BURTON's speech,

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by D. K. Hempstead, its enrolling clerk, announced that the House had passed a bill (H. R. 20189) making appropriations for the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes, in which it requested the concurrence of the Senate.

RIVER AND HARBOR APPROPRIATIONS.

Mr. FLETCHER. I desire to ask the Senator from Ohio a question. I desire to ask that the river and harbor bill which has just been received from the House of Representatives be laid before the Senate and that it be referred to the Committee on Commerce.

Mr. BURTON. Will that change the status of things here in regard to my right to the floor?

Mr. FLETCHER. I think not if it is done by unanimous consent. It is a privileged matter anyway.

Mr. BURTON. I do not wish Senators to feel that I am exceptionally insistent on this question, but I have not finished my remarks.

Mr. FLETCHER. I will not raise the question now.

Mr. BURTON. It has seemed to me that there was possibly a manifestation of some desire to bring my remarks prematurely to an end.

Mr. FLETCHER. I withdraw the request.

Mr. BURTON. I want to say to the Senator from Florida that I am entirely willing to accommodate him in this regard, although I do not wish to take any chances.

The PRESIDING OFFICER (Mr. WHITE in the chair). The Chair holds that it will not change the status of the Senator from Ohio to have the message from the House of Representatives laid before the Senate.

Mr. BURTON. The Chair, I understand, refers to the message in regard to the river and harbor bill?

The PRESIDING OFFICER. Yes. The Chair lays before the Senate a bill received from the House of Representatives, the title of which will be read.

H. R. 20189. An act making appropriations for the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes, was read twice by its title.

The PRESIDING OFFICER. The bill will be referred to the Committee on Commerce.

After the conclusion of Mr. BURTON's speech and the calling of the roll,

PRESIDENTIAL APPROVALS.

A message from the President of the United States, by Mr. Latta, executive clerk, announced that the President had approved and signed the following acts and joint resolution:

On January 15, 1915:

S. J. Res. 218. Joint resolution to provide for the detail of an officer of the Army for duty with the Panama-California Exposition, San Diego, Cal.

On January 16, 1915:

S. 6039. An act for the coinage of certain gold and silver coins in commemoration of the Panama-Pacific International Exposition, and for other purposes.

On January 20, 1915:

S. 5168. An act for the relief of the King Theological Hall, and authorizing the conveyance of real estate to the Howard University and other grantees.

PETITIONS AND MEMORIALS.

Mr. SHIVELY presented a memorial of the Chamber of Commerce of Kokomo, Ind., remonstrating against all military agitation in the United States, which was referred to the Committee on Foreign Relations.

Mr. ROBINSON presented petitions of the Board of Trade of Batesville, Ark., praying that an appropriation be made for the construction of seven locks and dams on the upper White River, above Batesville, for the improvement of navigation, which were referred to the Committee on Commerce.

Mr. POINDEXTER presented a petition of the Whatcom County Medical Society, of Washington, praying for the enactment of legislation granting a fair and impartial hearing to Dr. Frederick A. Cook on his polar claims, which was referred to the Committee on the Library.

He also presented petitions of the Woman's Christian Temperance Union of Endicott, of Charles E. Meyers and sundry other citizens of Davenport, and of Miss Alma Scott and sundry other citizens of Ritzville, all in the State of Washington, praying for the adoption of an amendment to the Philippine bill to prohibit the sale of intoxicating drinks and drugs in the Philippine Islands except for medicinal purposes, which were referred to the Committee on the Philippines.

BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. MARTIN of Virginia:

A bill (S. 7333) granting an increase of pension to Sarah Rebecca (Taylor) Jones; and

A bill (S. 7334) granting an increase of pension to Sophie M. Walker; to the Committee on Pensions.

By Mr. JAMES:

A bill (S. 7335) granting an increase of pension to Sarah T. Wright (with accompanying papers); and

A bill (S. 7336) granting a pension to Katherine Walker (with accompanying papers); to the Committee on Pensions.

By Mr. SHIVELY:

A bill (S. 7337) granting a pension to Joseph Phillips;

A bill (S. 7338) granting a pension to Minnie Kinder;

A bill (S. 7339) granting an increase of pension to William C. Fickas; and

A bill (S. 7340) granting an increase of pension to John J. White; to the Committee on Pensions.

By Mr. SHIELDS:

A bill (S. 7341) granting a pension to Sue C. Barton; and

A bill (S. 7342) granting an increase of pension to Madison T. Trent; to the Committee on Pensions.

By Mr. MARTINE of New Jersey:

A bill (S. 7343) granting an increase of pension to John R. Lindaberry (with accompanying papers); to the Committee on Pensions.

By Mr. NELSON:

A bill (S. 7344) granting a pension to Rose Barnes (with accompanying papers); to the Committee on Pensions.

By Mr. HUGHES:

A bill (S. 7345) granting an increase of pension to William Husk;

A bill (S. 7346) granting an increase of pension to Mary E. Foster; and

A bill (S. 7347) granting a pension to Elizabeth McCaveny; to the Committee on Pensions.

By Mr. LIPPITT:

A bill (S. 7348) granting an increase of pension to Nelly Cole; to the Committee on Pensions.

By Mr. SMOOT:

A bill (S. 7349) granting an increase of pension to Lewis A. Huffaker (with accompanying papers); to the Committee on Pensions.

By Mr. OLIVER:

A bill (S. 7350) granting a pension to Lusetta Weary; to the Committee on Pensions.

AMENDMENTS TO APPROPRIATION BILLS.

Mr. JONES submitted an amendment proposing to increase the appropriation for the investigation and improvement of cereals and methods of cereal production, etc., from \$139,505 to \$142,005, so that \$2,500 of the same shall be used in connection with the experiment station at Waterville, Wash., intended to be proposed by him to the Agricultural appropriation bill (H. R. 20415), which was referred to the Committee on Agriculture and Forestry and ordered to be printed.

He also submitted an amendment proposing to increase the appropriation for the purchase, propagation, testing, and distribution of new and rare seed from \$119,920 to \$122,420, so that \$2,500 thereof shall be used at the experiment station, Waterville, Wash., intended to be proposed by him to the Agricultural appropriation bill (H. R. 20415), which was referred to the Committee on Agriculture and Forestry and ordered to be printed.

Mr. SAULSBURY submitted an amendment proposing to appropriate \$6,500 for an additional force of five special examiners in the Pension Office for one year at \$1,300 each, etc., intended to be proposed by him to the legislative, etc., appropriation bill (H. R. 19909), which was referred to the Committee on Appropriations and ordered to be printed.

THE JUDICIAL CODE.

Mr. WARREN submitted an amendment intended to be proposed by him to the bill (H. R. 15578) to codify, revise, and amend the laws relating to the judiciary, which was referred to the Committee on the Judiciary and ordered to be printed.

THE MERCHANT MARINE.

The Senate as in Committee of the Whole resumed the consideration of the bill (S. 6856) to authorize the United States, acting through a shipping board, to subscribe to the capital stock of a corporation to be organized under the laws of the United States or of a State thereof or of the District of Columbia, to purchase, construct, equip, maintain, and operate merchant vessels in the foreign trade of the United States, and for other purposes.

Mr. GALLINGER. Mr. President, what is the question before the Senate?

The VICE PRESIDENT. The Chair was trying to find out. The question is on the amendment in the nature of a substitute offered on behalf of the Committee on Commerce by the Senator from Florida [Mr. FLETCHER].

Mr. LODGE. I ask that the amendment be read.

The VICE PRESIDENT. The Secretary will read the amendment.

The SECRETARY. Strike out all after the enacting clause and insert:

That the United States, acting through the shipping board hereinafter created, may subscribe to the capital stock of any corporation now or hereafter organized under the laws of the United States or of any State thereof or of the District of Columbia which shall have for its object the purchase, construction, equipment, maintenance, and operation of merchant vessels to meet the requirements of the foreign commerce of the United States, or to charter vessels for such purposes, and to make charters or leases of any vessel or vessels owned by such corporation to any other corporation, firm, or individual to be used for such purposes: *Provided*, That the terms and conditions of such charter parties shall first be approved by the shipping board, the initial capital stock of which corporation shall not be over \$10,000,000, of the par value of \$100 per share.

SEC. 2. That the United States shall subscribe to 51 per cent of the initial capital stock of such corporation at par and the remainder thereof shall be offered for public subscription at not less than par, and the United States may then further subscribe at par for any amount of such stock not taken by public subscription, but such corporation may begin business as soon as 51 per cent of such stock has been subscribed and paid for by the United States. The shipping board, with the approval of the President, may consent to or may cause an increase of the capital stock from time to time as the interests of the corporation may require, but the United States shall subscribe for 51 per cent of each and every such increase.

SEC. 3. That the United States, through the shipping board and with the approval of the President, is authorized to purchase or construct vessels suitable, in the judgment of the shipping board, for the purposes of such corporation, with a view to transferring them to such corporation, and for this purpose the Secretary of the Treasury, upon the request of the shipping board and the approval of the President, may issue and sell or use for such purchases or construction any of the bonds of the United States now available in the Treasury of the United States under the act of August 5, 1909, the act of February 4, 1910, and the act of March 2, 1911, relating to the issue of bonds for the construction of the Panama Canal, to a total amount not to exceed \$30,000,000 for the purpose of purchasing or constructing such vessels: *Provided*, That the bonds issued and sold or used under the provisions of this section may be made payable at such time after issue as the Secretary of the Treasury, in his discretion, may deem advisable and fix, instead of 50 years after date of issue, as in said act of August 5, 1909, not exceeding 50 years: *Provided further*, That payments for such purchases or

construction from proceeds of sales of bonds, or delivery of bonds in payment thereof, shall be made only as ordered and directed by the shipping board.

SEC. 4. That the shipping board is authorized to transfer the vessels purchased or constructed as herein provided to any such corporation in which the United States has become a stockholder as hereinbefore provided, and such corporation shall issue to the United States in payment thereof its gold bonds bearing interest at not less than 4 per cent per annum, and upon such further terms and conditions as may be prescribed by the shipping board, such bonds to constitute a first and paramount lien upon such vessels thus transferred and upon all the property of such corporation: *Provided*, That the amount of bonds received by the United States in payment for such vessels shall not be less at the time par value than the total amount expended by the United States in the purchase or construction of such vessels, and the same may be sold by the Secretary of the Treasury, in his discretion and with the approval of the President, to reimburse the Treasury for expenditures made in the purchase or construction of vessels. Such corporation shall make suitable provision for sinking fund and for the depreciation charges under the rules and regulations to be prescribed by such shipping board; and all vessels acquired under this act, or in which the United States shall otherwise be interested as owner in whole or in part, or upon which the United States shall have or hold any mortgage, pledge, lien, or other security, shall, when and while employed solely as merchant vessels, be in all respects subject to the rules, regulations, and liabilities governing merchant vessels under the principles of international law, in like manner and to the same extent as merchant vessels in private ownership when duly registered under the laws of the United States.

SEC. 5. That vessels purchased or constructed by such shipping board and conveyed to such corporation as herein provided shall be entitled to registry under the laws of the United States and shall be deemed vessels of the United States and entitled to the benefits and privileges appertaining to such vessels, except such vessels shall engage only in trade with foreign countries or with the Philippine Islands, the Hawaiian Islands, and the Islands of Guam and Tutuila. Such vessels shall be subject to the navigation laws of the United States except as herein provided.

SEC. 6. That the Secretary of the Treasury, the Postmaster General, and the Secretary of Commerce are hereby constituted a board to be known as the shipping board, with full power, subject to the approval of the President, to vote the stock of the United States in said corporation, either as a body or by one or more of its members duly authorized by a majority, and to do all things necessary, whether specifically enumerated or not, to carry out the purposes of this act and protect the interests of the United States.

SEC. 7. That, with the approval of the Congress, such shipping board may at any time sell the stock of such corporation owned by the United States.

SEC. 8. That the President of the United States is hereby authorized to charter, lease, or transfer such naval auxiliaries now belonging to the Naval Establishment of the United States as are suitable for commercial use and which are not required for use in the Navy in time of peace, and vessels belonging to the War Department suitable for commercial uses and not required for military transports in time of peace and to direct or cause to be chartered, leased, or transferred vessels now owned and operated by the Panama Railroad Co., to any corporation now or hereafter organized as in this act provided upon such terms and conditions as the shipping board, with the approval of the President of the United States, shall prescribe. The vessels purchased or constructed by the United States through the shipping board, with the approval of the President of the United States, shall be of a type, as far as the commercial requirements of the foreign trade of the United States may permit, suitable for use as naval auxiliaries in the Naval Establishment of the United States.

SEC. 9. That the President of the United States, upon giving to any such corporation in which the United States shall be a stockholder, through its president, vice president, secretary, or manager, notice in writing for such reasonable length of time as in his judgment the circumstances require and will permit of his intention so to do, may take possession, absolutely or temporarily for use as naval auxiliaries, of any vessel or vessels owned or leased by or otherwise in the possession of said corporation, and said corporation shall be entitled to a reasonable price or rental therefor, to be fixed by the shipping board with the approval of the President: *Provided*, That if in the judgment of the President an emergency exists requiring such action he may take possession of any such vessel or vessels without notice.

SEC. 10. That the shipping board shall make to Congress, at the beginning of each regular session, a report of expenditures and receipts under this act and of the operations of any corporation in which the United States may have become a stockholder hereunder.

SEC. 11. That for the purpose of carrying out the provisions of this act there is hereby appropriated, out of any money in the Treasury of the United States not otherwise appropriated, the sum of \$10,000,000. But the corporation in which the United States shall become a stockholder as herein provided shall pay all necessary expenses of the shipping board in this behalf.

SEC. 12. That the President is hereby authorized and empowered to designate from time to time such ports of the United States as he may for the purposes of this section deem advisable at which the several collectors of the ports so designated shall for such periods of time as the President may prescribe inspect all goods, wares, and merchandise of whatever description offered for shipment from any such port to any foreign port upon any vessel directly or indirectly owned in whole or in part by the United States or in which the United States may have a proprietary interest, when employed solely as a merchant vessel, or upon any vessel whatsoever when duly registered under the laws of the United States. It shall be, and is hereby made, the duty of the collector of the port at each of the ports so designated, and authority is hereby granted to such collector for that purpose, to make such inspection and examination before the same shall be loaded and stored aboard ship of all goods, wares, and merchandise of whatever description offered for shipment from such port to any foreign port upon any vessel defined by this section as may be necessary to inform him as to the exact character and description of the goods, wares, and merchandise so offered for shipment. It shall be unlawful for any person, whether as principal or agent, to load and store aboard ship, or attempt to load and store aboard ship, any goods, wares, or merchandise subject to inspection under this section before the same have been duly inspected and examined as herein required; and it shall be unlawful for the master or other chief officer of any vessel defined in this section to receive and store aboard ship any goods, wares, or merchandise subject

to inspection under this section before the same have been duly inspected and examined as herein required. Any person who shall knowingly violate the provisions of this section shall be guilty of a misdemeanor, and upon conviction before any court of competent jurisdiction shall be sentenced to pay a fine of not more than \$5,000, and shall be committed to prison until such fine and the costs of the prosecution shall be paid; and clearance shall not be granted to any vessel whose owners or chief officers shall knowingly violate the provisions of this section: *Provided*, That the Secretary of Commerce may upon hearing and for satisfactory reasons permit and direct the clearance of any such vessel, stating his reasons therefor in a written opinion to be filed as a public document in the Department of Commerce.

It shall be, and is hereby made, the duty of the collector of the port from which any such vessel clears to inspect the manifest or cargo invoice of each vessel subject to the provisions of this section to ascertain whether the manifest or cargo invoice sets forth a true exhibit of all goods, wares, and merchandise aboard ship at the time of sailing; and if the collector of the port shall be satisfied that the manifest or cargo invoice does set forth a true exhibit of all goods, wares, and merchandise received aboard ship at the time of sailing, he shall in every such case attach to the manifest or cargo invoice his official certificate under seal, setting forth that he has inspected and examined the goods, wares, and merchandise aboard such ship, and that the manifest or cargo invoice sets forth a true exhibit of the same. No such vessel shall be granted a clearance at any such port until after the certificate, herein required to be issued under his official seal by the collector of the port, has been issued and delivered by him to the chief officer or other proper officer of such vessel.

It shall be the duty of the Commissioner of Navigation, with the approval of the Secretary of Commerce, to make and promulgate all needful and proper rules and regulations for administering the provisions of this section; and for the purpose of carrying out the provisions of this section the sum of \$500,000 is hereby appropriated out of any money in the Treasury of the United States not otherwise appropriated.

SEC. 13. That this act shall take effect from its passage.

Mr. LODGE. Mr. President, may I ask if there is any amendment pending to the original bill?

The VICE PRESIDENT. To the substitute?

Mr. LODGE. No; not to the substitute, but to the original bill. Is there any perfecting amendment pending?

The VICE PRESIDENT. The Chair has some difficulty in answering, because he has to rely entirely upon the Secretary. The Secretary says that all the original amendments were withdrawn.

Mr. LODGE. I desire to offer as a perfecting amendment to the part proposed to be stricken out the following amendment.

The VICE PRESIDENT. The Senator from Massachusetts offers an amendment to the original bill which will be read.

The SECRETARY. At the end of the bill, insert the following—

Mr. FLETCHER. The substitute itself is a proposed amendment to the bill, and it is in order to offer an amendment to the substitute.

Mr. LODGE. The Senator has had long experience and knows that it is in order to perfect the original text.

The VICE PRESIDENT. There can be no question about it. This is to strike out and insert. Of course, it is always in the power of the Senate to perfect a bill, to move to strike out, before a motion to strike out and insert is submitted. There can be no question about the right to present amendments to the text of the original bill. The Secretary will read the amendment proposed by the Senator from Massachusetts.

The SECRETARY. At the end of the bill it is proposed to insert:

Provided, That no vessels shall be purchased under this act which are the property, in whole or in part, of or which are in any manner controlled or subsidized by any of the nations now at war, nor shall any vessels be purchased under this act which are the property of any of the subjects or citizens of said belligerent nations.

Mr. WEEKS. Mr. President, there is no difference of opinion among those who have given this subject any consideration as to the desirability of our being represented in the over-seas traffic by ships flying the American flag and manned and officered by Americans. The question which has disturbed this country for 30 or 40 years has been how to bring about that result. When we look back a hundred years and find that we were then carrying in American bottoms 90 per cent of our over-seas traffic, that that had decreased one-half by the period of the Civil War, and that it has not increased at all since that time, we as a people, I think, should feel embarrassed and ashamed of the result of our legislation or of our enterprise.

Naturally we are a seafaring people. In the early days a large portion of the people of this country were engaged in seafaring pursuits. Many of the immigrants who had come to this country had come from those parts of the world which even now are active in everything pertaining to seafaring life, and yet we have not developed, but have constantly, in proportion to our foreign trade, decreased our merchant marine.

We pay for the transportation of the products of American soil more than \$200,000,000 a year. That is one of the great items which enter into making up the balance of trade which stands against this country or which may stand in favor of this

country at the end of the fiscal year. There has never been a year for a generation during which there would not have been a large balance of trade in favor of the United States if it had not been necessary for us to pay to foreign shipowners and foreign nations this very large amount of money which is required for the transportation of our products.

There seem to me, Mr. President, to be three possible ways of bringing about a rehabilitation of our merchant marine. I am not going to discuss them in detail, but simply to mention them. We might repeal everything pertaining to the navigation laws of this country. That would mean reducing the pay of seamen, reducing the cost of ships, and lessening every safeguard which we have placed about men engaged in seafaring pursuits. I very much doubt if there is any real sentiment in this country in favor of adopting such a course. Indeed, there is a bill now pending in conference which has to do with increasing the safeguards of not only those who are traveling at sea but increasing the insurance of every quality which surrounds those who follow the sea for a livelihood. If we are to adopt that bill, or anything like it, it will be little short of ridiculous for us to consider lowering the standard which we have already set as desirable to surround those who follow the sea.

I have before me an editorial taken from the Boston Herald, resulting from a letter written by a correspondent of that paper, asking what changes would be necessary if we were to lower the standard of seafaring life. An editorial was written by one of the best-posted men concerning nautical pursuits, and I am going to take the time to read it. The letter which was written to the Herald is as follows:

ONE GREAT QUESTION OF THE HOUR.

131 STATE STREET, January 12, 1915.

To the EDITOR OF THE HERALD:

I believe it would interest many of your readers if you would take occasion to inform us just what the burdens are, imposed by legislation, which prevent our having a merchant marine.

This information would be of assistance in forming one's conclusions as to the merits of the President's scheme for Government lines.

E. M. PARKER.

The reply is as follows:

Until August 24, 1912, no foreign-built ship could secure American registry, though owned by American citizens. It was earnestly contended by Mr. Wilson's political associates that the repeal of this provision and the adoption of a free-ship policy would bring a great fleet of foreign-built, American-owned vessels beneath the Stars and Stripes. Up to the outbreak of the European war, on August 1, 1914, it had not brought one. Then the free-ship policy, through an emergency act of August 18, 1914, was further broadened by relieving such foreign-built vessels from the requirement of carrying American officers and complying with our inspection and measurement laws. The war, of course, supplied a powerful motive for seeking the protection of a neutral flag, and since August 18 last no fewer than 111 foreign-built vessels, of an aggregate tonnage of 396,990, have applied for and received American registry for the purpose of engaging in the foreign trade. Nearly all of these ships were either British or German, and nearly all were owned and controlled by American capital before the war began.

President Wilson and his colleagues now urge that this result is altogether inadequate and disappointing; that a great many more foreign-built vessels must be secured to serve our commerce, and that as free ships have failed immediate resort must be had to the expedient of Government purchase, ownership, and operation.

It should be borne in mind that the navigation laws of the United States were revised and liberalized by the act of August 18, 1914, so far as foreign-built vessels are concerned. They do not have to carry American officers or crews—they can be manned throughout by foreigners; they do not have to meet the demands of our rigid inspection laws, and their foreign figures of measurement, on which tonnage dues and port charges are based, are accepted without question by our Government.

I want particularly to call attention in reading this statement—which I think is very accurate and illuminating—to the number of things which we have done in the last two or three years, commencing with the act of August 24, 1912, to relieve the situation, many of which, it was contended by those who had made some examination of the question, would be sufficient to bring about the development and building up of our own merchant marine:

The only legislative disadvantage to which these foreign-built vessels are subjected when they hoist our flag is that they have to provide the American food scale or its equivalent, but this is not of itself a heavy exaction, for there has been a marked advance in recent years in the food-scale requirements of foreign shipping laws.

In other words, under our present policy American merchants can acquire a foreign-built ship with its foreign officers and crew complete, and operate it, so far as laws are concerned, as cheaply as before, except for a little more variety and abundance in provisioning. But let us emphasize the phrase, "so far as laws are concerned"—for it has been found in practice that the British or German or Scandinavian officers on these foreign-built ships coming under American registry have immediately demanded and received the higher wages paid to American officers on ships of American construction. Presumably the entire crews will do, or are doing, the same. This involves, of course, a considerable increase in the cost of ship operation. It is, however, not an increase for which American laws are responsible in any way. There is no American law, as the Herald said the other day, that requires that British or German or Scandinavian immigrants coming into the shops and factories of Massachusetts should receive the same

wages as American citizens, but as a matter of fact they usually do receive them.

These increased wages for foreign officers and crews would be demanded and paid on foreign-built ships purchased and owned by the Government, exactly as they are being demanded and paid on foreign-built ships owned by American merchants. Such increased wages and perhaps an increased cost, because of the greater variety and abundance of food, would undoubtedly make the maintenance of Government-owned vessels higher than that of similar vessels of foreign flags and foreign ownership. Moreover, some of these foreign vessels would receive subsidies, bounties, or similar favors from their Governments.

A Government-owned fleet under the American flag will be at precisely the same disadvantage as compared with cheap-wage, perhaps subsidized, foreign ships as a like private-owned fleet under the American flag. Indeed, the disadvantage will unquestionably be greater for a Government-owned fleet, because all human experience shows that the Government can not operate shipping or any business as economically or efficiently as a trained private management.

It has been the Republican plan to offset this disadvantage of the American flag, which is a matter of wages or of wages and foreign subsidies combined, by a frank, duly restricted, and accounted-for subsidy or subvention from the National Treasury. The President's plan would in effect secure the same subsidy in the guise of an appropriation to purchase and maintain a Government-owned fleet, which, according to the President, when securely established in trade is to be disposed of, a few years hence, to private shipowners.

Thus a subsidy or its equivalent is involved in either case. We think that the Republican plan is the better and the cheaper one. It is substantially what other Governments have done, and it is manifestly preferred by responsible men of business, who know whereof they speak.

Now, I want to put into the RECORD, Mr. President, the reasons which have been assigned many times by those who have discussed this question why we can not compete with foreign vessels. The first reason is that we are handicapped in the higher cost of labor, which is frequently 50 per cent higher than in other countries.

The second handicap is the higher cost of material, which is from 20 to 25 per cent higher. That, of course, is overcome by the purchase of foreign-built ships.

The third handicap is the cost of money, which is certainly from 1½ to 2 per cent higher in this country than elsewhere. If we are going into Government ownership and Government development, of course the money borrowed by the Government hereafter is going to cost nearer the commercial rate than has been the case in the past. The only reason why this Government and other Governments have been able to borrow cheaply was because their debt has been comparatively small; but as their debt increases, especially as it will in Europe resulting from the war, it may be depended upon that the European Governments will be paying substantially as high rates for money as are charged the best commercial industries, and if we are going into railroad construction in Alaska, if we are to undertake the running of steamship lines, and if we are going into other pursuits, where we shall have to indulge in large capital outlay, we will gradually see the rate for money borrowed by the Government increasing.

The fourth handicap is the higher cost of wages and salaries, running from 50 to 100 per cent. As I have just pointed out, the men who come over in foreign vessels which have been transferred to American registry, English, Norwegians, Swedes, and others, demand the same wage when they come under our flag which is demanded by our own citizens.

Mr. PAGE. Mr. President, may I ask the Senator a question? Mr. WEEKS. I yield to the Senator for a question.

Mr. PAGE. In the discussion last year with reference to the comparative cost of labor on foreign vessels and American vessels, I think Capt. Dollar, who is so largely interested in shipping on the Pacific coast, stated that the cost of American employees as compared with those on the Japanese lines was more than three to one in favor of the Japanese lines. Has the Senator any knowledge in regard to that?

Mr. WEEKS. I think that is substantially a correct statement. Although I have no figures before me, that is my impression.

The fifth handicap is the higher cost of fuel, it being about 25 per cent higher in this country than it averages abroad.

The sixth handicap is the higher cost of repairs—1 per cent higher per annum.

The seventh handicap is in the fixing of freight rates. When once an American freight rate is fixed, an American vessel can not change the rate under 30 days.

It should not be overlooked that the fixing of ocean rates is an entirely different matter from the fixing of rates in any other form of transportation. It is true that on the well-established passenger routes between this country and Europe the rates only vary with the seasons; but in all other cases rates are dependent on the amount of trade or traffic offering at the time. The tramp steamer comes into an Atlantic port with a cargo from some place in Europe. It finds a lack of offerings for transportation in any direction. It hears, possibly, of a demand for cargo-carrying ships in Rio. In order to get to Rio it will

take anything that happens to be available at a greatly reduced price, in order to pay the expense of the run to Rio, rather than to go in ballast. At Rio it may find an overstocked market for the shipping offered, so that it will be able to pick up a very high rate. Coming around to the Pacific coast, it may go from one coast and one port to another, sometimes happening in a port at a time when there is great pressure for tonnage, and under such circumstances fixing a very high rate; at other times happening in a port where there is a great oversupply of tonnage, under which circumstances the rate materially falls and becomes only nominal, to enable the ship to get to a point where rates may be better or where there may be less tonnage offered. So that the question of ocean rates can not be considered from the standpoint which obtains in the case of other rates.

There is to-day something like forty-six or forty-seven million tons of shipping on the high seas, of which about 7,000,000 tons is engaged in our own coastwise trade. It is well to call attention, I think, to the difference in the way we have treated our over-seas trade and our coastwise trade and the different results which have been obtained from that treatment. Ever since the organization of this Government we have made a monopoly of coastwise shipping. I know the views which some gentlemen have of that monopoly, based on a report which I think has not been carefully analyzed; but, in my judgment, the coastwise shipping of this country is effectively handled by the cargo carriers and the lines which are established, and the business is done at reasonable rates, very nearly always better equalized than are the rates for over-seas traffic. If anyone thinks that this trade is not being conducted under reasonable conditions—in other words, if he thinks it is more profitable than it should be—all he will have to do will be to go to the several owners of lines of steamers and he will find that in many cases under present conditions he can buy the steamers of those lines at very much less than it would cost to reproduce them, with such reductions as should be made on account of depreciation during the life of the steamers.

We have provided in the Panama Canal act that ships owned by railroads can not pass through the canal; and under the provisions of that act the Department of Justice has ordered the New Haven Railroad to sell the steamers which it has owned for many years, connected with the New England Navigation Co. and the Merchants & Miners' Line, which runs from Baltimore to the New England coast. Those steamers and others owned by the New York, New Haven & Hartford Railroad, being for sale as a result of this order of the Department of Justice, can be bought in some cases at one-half what they cost the railroad. There is no bidder for them. The business is not profitable under present conditions. The statement of the Merchants & Miners' Line, which I have not before me, bears out the assertion I have just made as to that line, which has a well-established business which for many years was reasonably profitable, but which under the conditions which have developed in recent years is not now profitable. It owns a considerable number of very excellent ships, and if anybody thinks there is a mint in the coastwise traffic of this country there is an opportunity for him to test his belief by buying ships at very much less than their reproduction value less what should be charged off for depreciation and running them on a line which has been in operation for a great many years.

Mr. VARDAMAN. Mr. President—

The PRESIDING OFFICER (Mr. HOLLIS in the chair). Does the Senator from Massachusetts yield to the Senator from Mississippi?

Mr. WEEKS. I yield for a question.

Mr. VARDAMAN. I should like to ask the Senator whether those ships are suited for the overseas business?

Mr. WEEKS. Mr. President, generally speaking, I think they are not. I think none of the ships of the New England Navigation Co. are suited for over-seas traffic. While the vessels of the Merchants & Miners' Line do go outside, and might be possibly, under some conditions, available for this service, they are not, in my judgment, ships well suited for overseas traffic. The result of our protective system, however, has been the development of 7,000,000 tons of coastwise shipping; and the result of our failure to protect our overseas shipping has been the decrease of that shipping from more than 2,000,000—nearly 3,000,000 tons 100 years ago—to less than 1,000,000 tons to-day.

Of course, there is something wrong with this system. There must be some way in which we can do our own carrying at sea. We provided in the act of March, 1891, for a mail subvention; and I want to call the attention of the Senators on the other side, who have resolved any number of times in their conventions against subsidies, to the fact that there is a mail subvention law, which is in effect a subsidy, now in operation, and

if it were not in operation there would not be a single American ship on established lines engaged in overseas traffic on the Pacific Ocean, with the Caribbean ports on the northerly side of South America or from the Atlantic coast to Europe. I believe every American ship engaged in that trade on any established line is a beneficiary of the mail subvention act of 1891.

Mr. POMERENE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Ohio?

Mr. WEEKS. I yield for a question.

Mr. POMERENE. A moment ago the Senator pointed out the disadvantages at which we were placed growing out of the difference in the cost of construction, of material, of wages, of interest charges on money, and so forth. I take it that in the judgment of the Senator those objections would apply to American shipping whether it was engaged in by the Government or by private enterprise?

Mr. WEEKS. Undoubtedly, except as to the rate of interest on money which it would cost the Government to undertake the business. The Government, of course, could borrow its money cheaper.

Mr. POMERENE. The Government could do that at a less rate, so that the advantage would be with the Government, as far as that is concerned?

Mr. WEEKS. The advantage would be with the Government.

Mr. POMERENE. Is it the Senator's opinion, then, that because of this handicap which American shipping must endure we should leave that field entirely to European capital?

Mr. WEEKS. Not at all. I shall point out during my remarks what I would do, though it is not my purpose to discuss the question of subsidies or matters relating to anything else than the present bill; but while the Government would have a benefit, as compared with the private owner, in the rate of money, it would have a serious handicap from almost any other standpoint, as I think I can show before I finish.

Mr. OLIVER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Pennsylvania?

Mr. WEEKS. I do, for a question.

Mr. OLIVER. I will ask the Senator this question: Conceding that the Government would have the advantage of being able to obtain money at a lower rate of interest for the purpose of running ships, would they not have the same advantage if they wanted to go into the manufacture of shoes or into the wholesale grocery business or any other business which heretofore has been left to the domain of private enterprise?

Mr. WEEKS. The Senator is quite right about the inference which may be drawn from his question. The Government will always have an advantage until the time comes, as I have suggested, when the Government indebtedness becomes so large in proportion to the indebtedness of the private borrower that the interest rates which money will cost either the private borrower or the Government will become very nearly equal.

As I have said, we may either remove these handicaps placed against us by our navigation laws, most of which have been removed, and the balance of which I doubt if there is any sentiment in favor of removing—I certainly am not in favor of it—or we may take one of two other courses. One alternative is to provide a mail subvention, as has been done in the act of March, 1891, to which I have referred. Such a measure has very nearly passed Congress two or three times. Once such a bill passed the Senate and came within two or three votes of passing the House of Representatives. In my judgment, if that bill had passed, it would have provided for a large number of ships coming under the provisions of the act, so that quite likely there would not be the demand which exists to-day to do something for our merchant marine under the emergency conditions which exist. Senators on the other side of the aisle must take very largely the responsibility for the condition which exists to-day. While it is true that they have not been in power, yet they have unitedly and unanimously, as far as I know, voted against every attempt to do anything for our shipping during all these years, when it has been perfectly apparent that it was losing, comparatively, year after year. As the Senator from Utah [Mr. Smoot] suggests, they filibustered against legislation of that kind. I think I recall at least one instance since I have been in Congress when a filibuster was carried on for that reason.

The other method to pursue is some such course as is suggested in the pending legislation, which I think is unwise. I think it will be ineffective. I think it will start us on a policy which will mean more harm to this country than almost anything that we can do. It is a dangerous policy, in the first place. We are likely to develop conditions which will embarrass our relations with foreign countries. True, we do not know exactly what the results are going to be from any purchase

which we may make. I think I once submitted to the Senate an instance that happened during the Civil War days which has a direct bearing on the possibilities which may come from this bill. An American ship was trading in the Indian Ocean region. The *Alabama*, commanded by Commodore Semmes, appeared in that vicinity. It was, of course, dangerous for the American ship to be flying the American flag, so she was transferred to British registry. As far as her papers were concerned, it was a bona fide transfer. Her name was changed from the *Texas Star* to a local name. She was loaded with a British cargo and sailed from the British port of Penang for the British port of Shanghai. On the way she fell in with the *Alabama*. A boarding officer was sent to the ship. He came back, reporting that the ship's papers were regular in every respect; that as far as her papers indicated she was a British ship, but there was every other indication that the ship was an American ship; that she had the lines of an American ship and the officers and men looked like Americans. Commodore Semmes sent a boat to the ship, took off the officers and the crew, and sank the ship without any more ado. Here was a ship in the British service, as far as her papers indicated, flying the British flag, sailing from one British port to another, and carrying a British cargo, yet she was sunk on the theory, I assume, that there was something about her transfer which was open to suspicion. The English Government never made a protest against that act.

What are we likely to come against under these conditions? Suppose we do buy a ship that is now under a belligerent flag, and a belligerent man-of-war follows Semmes's example, the results would be most serious. I do not know where the ships are that can be purchased to-day which do not belong to a belligerent. I am perfectly frank to say that there are some ships lying in ports of belligerents which might be purchased under the present circumstances, simply because the conditions as to manning those ships have changed on account of the war. For instance, there are some English ships in the ports of Great Britain which are not in use. The reason they are not in use is because they have not the men and the officers to man them. The volunteering for this war by British subjects for service at sea has been very much more general than for service on shore. I do not know why that is; but the fact remains that in one instance, for example, that one of the English railroads, which has a marine department, 60 per cent of the men in the marine department have volunteered for service in the British Navy, while less than 25 per cent in the other departments of the railroad have volunteered for service in the army.

The result is that there are not enough seafaring men left in Great Britain to man the ships which are in actual operation. I am told that the Atlantic liners are not completely manned, and in some cases that they have not more than two-thirds of a crew, because it is impossible to get the men to man them. That has resulted in the inability of the owners of many English ships to keep them in commission; and, undoubtedly, those ships are for sale; but exactly the same condition would obtain relating to them which obtains in the case of German ships which are interned in our own ports.

I should like to ask some one in charge of this bill—the question has been asked by the Senator from Ohio [Mr. Burton] several times in my presence—where the ships are that we are going to buy. It must be that some one has some ships in view which it is the intention to purchase if this bill passes, and I wish some one on the other side who is connected with the passage of this bill would tell the Senate and the country what are the ships and to what nation they belong that are to be purchased in case we adopt this legislation. It would make a vital difference in my vote whether we are to purchase the ships belonging to a belligerent or whether we are to purchase ships belonging to a neutral nation. I wish some one would answer that question.

Mr. SMITH of Georgia. Mr. President, the Senator from Florida [Mr. Fletcher], in charge of the bill, is not here at present. He has information on the subject.

Mr. WEEKS. I simply yield for a question. I do not yield the floor.

The PRESIDING OFFICER. The Senator does not ask to have the question answered now.

Mr. WEEKS. I hope during the debate some one on the other side who is responsible for this legislation will take occasion to tell the Senate and the country what ships are in contemplation for purchase under the provisions of this act.

Mr. VARDAMAN. Mr. President—

Mr. WEEKS. I yield to the Senator from Mississippi.

Mr. VARDAMAN. I hope the Senator will keep the question open, to be answered at any time during the debate on this measure.

Mr. WEEKS. I do not wish to be taken from my feet, Mr. President.

The PRESIDING OFFICER. The Senator from Massachusetts has the floor.

Mr. WEEKS. Now, I want to devote a little time to the question of subsidies, because we fail frequently in not taking advantage of the experience of other people. We even fail in our own personal affairs in not taking advantage of the experience of those about us. I recur once more to the question of subsidy to show how generally, not to say universally, the merchant marines of other nations have been built up as the result of the subsidy policies which they have adopted.

Mr. CUMMINS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Iowa?

Mr. WEEKS. I yield for a question.

Mr. CUMMINS. My question is this: The Senator from Massachusetts recited a few minutes ago a series of handicaps under which our ships labor. Suppose that we had our proportion of the world's ships—that is to say, the same proportion of ships that we have of the world's business—how much annually would be required to be given to our ships in order to overcome the handicaps which were mentioned by the Senator from Massachusetts?

Mr. WEEKS. Mr. President, I can not answer that question in definite terms. The appropriation which is provided in this bill would furnish an amount of shipping which would be almost negligible compared to the total shipping engaged in the commerce of the world. As I have suggested, there are some 47,000,000 tons. The lowest price at which any kind of a reasonably well-built steel or iron ship could be purchased or built would be at least \$50 a ton. It is therefore easy enough to figure out how much tonnage could be obtained for \$30,000,000, if we were to spend the entire amount which this bill provides shall be invested in shipping. But there are many other things which must be taken into consideration, and which will cost more or less money if we are going to establish ship lines.

One of the most important is providing the lines of steamers with wharf privileges. I do not know, there may be wharves in New York, in the down-town business district, which are available for lease under present conditions, but the last time I made any inquiry about it there was no wharf on the East or the North Rivers which could be engaged near the wholesale district of New York.

One of the benefits which the New Haven Railroad has had in its handling of the traffic between New England and New York is in being able to transfer its freight from rail to steamers and landing the goods down town in New York instead of landing them at the freight yards north of the Harlem River. The profits which the railroad has made in this class of transportation would probably have been more than exhausted in the cost of transferring them from the Harlem River freight yards to the down-town district where they were destined.

This question of wharves is so important that I have heard shipping men say that they believed certain transportation lines might be made valuable and profitable if the lines owned, or controlled by long lease, their wharves at both ends, and that they would not think of investing their money in such a line unless the company did own or control its wharves at both terminals.

I am now going to refer briefly to what other nations have done in the way of paying subsidies:

For the year 1910 Austria and Hungary paid in subsidies for the use of the Suez Canal alone \$472,500, and until the year 1907 those countries had paid for East African service an additional bounty varying in amount, but which did not in any one year exceed \$300,000.

In 1911 France spent \$6,670,000 for bounties for construction and navigation purposes alone and \$5,533,000 for mail subvention alone, a total of more than \$12,000,000. Of the mail subvention payment \$2,220,000 was paid to lines using the Suez Canal, the purpose being to put them on all fours with English lines not having to pay the canal tolls.

Germany paid, in the year 1912, \$1,750,000 to the German East African lines and the North German Lloyd for postal service through the Suez Canal. In addition, the German East African lines received an indirect bounty of largely reduced rates furnished by the German railroad companies on goods exported from inland States of Germany to East Africa.

I ought to say that the whole system of the development of the German railroads and German transportation lines has been based on making rates favorable to their steamship lines. More than two-thirds of all the rates on the Prussian railroads, for example, ten-elevenths of which are owned and operated by the

Government, are special rates made for the purpose of developing some locality or some business or some other trade than that of the railroad itself. If a coal mine, for instance, is developed in east Prussia, and there is a necessity for that coal in central Germany, the rate is made very materially lower than it would be from some other point in order to develop the mine. If, for example, there is a possibility of that being—

Mr. POMERENE. All of which means in order to show favoritism to that one particular locality as against some other locality in the country.

Mr. WEEKS. That is the result. That is the system.

Mr. POMERENE. The Senator would not contend for one minute that the public here in the United States would ever indorse a method of that kind.

Mr. WEEKS. Oh, no; I do not think it would. I do not think we could do it under the political conditions of this country. I think it would be hopeless.

Mr. POMERENE. It is to be hoped so.

Mr. WEEKS. It would be a hopeless thing to undertake. Yet that is the basis of the German system, and I am pointing it out to show that while the direct subsidies made to German steamship lines have not been as great as in some other countries, they have received benefits indirectly from the Government operation of railroads which would be very much greater than the direct subsidy which is paid by other countries.

Mr. STONE. Will the Senator from Massachusetts yield for a motion to proceed to the consideration of executive business, retaining the floor?

Mr. WEEKS. With the understanding that I retain the floor. I presume the Senator means to-morrow morning after the recess. With that understanding I will yield.

Mr. STONE. As the Senator yields for that purpose, with the right and without prejudice to resume the floor to-morrow morning—

Mr. SMOOT. He would have it anyhow.

Mr. STONE. I think he would have it anyhow.

Mr. SMOOT. After either an adjournment or a recess.

Mr. STONE. It would be the same thing if it was an adjournment or a recess.

Mr. WEEKS. I yield under the circumstances.

Mr. SHEPPARD. I wish to ask unanimous consent to introduce some amendments to the river and harbor bill.

The PRESIDING OFFICER (Mr. HOLLIS in the chair). Is there objection?

Mr. OLIVER. Mr. President—

The PRESIDING OFFICER. The Senator from Texas asks unanimous consent to offer amendments and have them printed. Is there objection?

Mr. OLIVER. I object.

Mr. CLARK of Wyoming. I object.

The PRESIDING OFFICER. Objection is made, and the amendments can not be received.

Mr. KERN. Mr. President—

Mr. OLIVER. If the Senator from Indiana will allow me, I will state that I base my objection upon the idea that such business ought to be transacted in the morning hour.

Mr. KERN. I move that the Senate take a recess at not later than 7 o'clock until 11 o'clock to-morrow.

The PRESIDING OFFICER. The Senator from Indiana moves that at not later than 7 o'clock the Senate shall take a recess until 11 o'clock to-morrow.

Mr. GALLINGER. I move to amend by making it 6.30. It would accommodate certain Senators who have made engagements.

Mr. KERN. The only purpose is to transact some business in executive session.

Mr. GALLINGER. And the recess will be taken when we get through?

Mr. KERN. Yes; after half an hour or so.

Mr. BRISTOW. The nomination of Mr. Hall can not be disposed of within that short time, and if it is the purpose to take that up, of course it would be useless to stay here until 7 o'clock. If the purpose is to transact ordinary business, I do not object.

The PRESIDING OFFICER. Without objection, the Senate will, not later than 7 o'clock, take a recess until to-morrow morning at 11 o'clock. The Chair hears no objection, and it is so ordered.

PAN-AMERICAN CONVENTION.

Mr. STONE. Before moving to go into executive session I desire to report a resolution from the Committee on Foreign Relations.

From the Committee on Foreign Relations I submit a report (No. 920), accompanied by a joint resolution authorizing the

President of the United States to extend invitations to Central and South American Governments to be represented at a conference looking to the improvement of the financial relations between the United States and these nations. I ask that the report be received, and that for further consideration the joint resolution and the report be referred to the Committee on Appropriations.

The joint resolution (S. J. Res. 228) authorizing the President of the United States to extend invitations to Central and South American Governments to be represented at a conference looking to the improvement of the financial relations between the United States and these nations was read twice by its title.

The PRESIDING OFFICER. The Senator from Missouri asks that the joint resolution and the report be referred to the Committee on Appropriations. That order will be made, without objection.

Mr. OLIVER. I object.

The PRESIDING OFFICER. Objection is made.

Mr. STONE subsequently asked that the joint resolution lie on the table, and it was agreed to.

ORDER OF BUSINESS.

Mr. SHIVELY. I ask unanimous consent to submit a report from the Committee on Pensions.

The PRESIDING OFFICER. The Senator from Indiana asks unanimous consent to submit a report from the Committee on Pensions.

Mr. OLIVER. Is it a pension bill?

Mr. SHIVELY. Yes.

Mr. OLIVER. I do not feel that I can object to a report upon such a bill.

Mr. SMOOT. I am a member of the Committee on Pensions, and as long as objection has been made to the reception of other business I object to this report being received.

The PRESIDING OFFICER. Objection is made.

EXECUTIVE SESSION.

Mr. STONE. Mr. President, as we are having a filibuster against pensions and everything else, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After 10 minutes spent in executive session the doors were reopened, and the Senate (at 6 o'clock and 25 minutes p. m., Wednesday, January 20, 1915) took a recess until to-morrow, Thursday, January 21, 1915, at 11 o'clock a. m.

NOMINATIONS.

Executive nominations received by the Senate January 20 (legislative day of January 15), 1915.

COMMISSIONER FOR THE DISTRICT OF COLUMBIA.

Louis Brownlow, of the District of Columbia, to be a Commissioner for the District of Columbia for a term of three years, vice Frederick L. Siddons, resigned.

UNITED STATES ATTORNEY.

Edwin S. Wertz, of Wooster, Ohio, to be United States attorney for the northern district of Ohio, vice Ulysses G. Denman, resigned, effective March 1, 1915.

PROMOTIONS IN THE REVENUE-CUTTER SERVICE.

Second Lieut. Frank Lynn Austin to be first lieutenant in the Revenue-Cutter Service of the United States, to rank as such from September 13, 1914, in place of First Lieut. Leonard Taylor Cutter, retired.

Third Lieut. Wilmer Hake Eberly to be second lieutenant in the Revenue-Cutter Service of the United States, to rank as such from September 13, 1914, in place of Second Lieut. Frank Lynn Austin, promoted.

Third Lieut. Russell Lord Lucas to be second lieutenant in the Revenue-Cutter Service of the United States, to rank as such from September 19, 1914, in place of Second Lieut. Howard Eugene Rideout, promoted.

Second Lieut. Howard Eugene Rideout to be first lieutenant in the Revenue-Cutter Service of the United States, to rank as such from September 19, 1914, in place of First Lieut. William Edwin At Lee, deceased.

CONFIRMATIONS.

Executive nominations confirmed by the Senate January 20 (legislative day of January 15), 1915.

REGISTER OF THE LAND OFFICE.

Dallas C. Weyand to be register of the land office at Glenwood Springs, Colo.

REAPPOINTMENT IN THE ARMY.

JUDGE ADVOCATE GENERAL'S DEPARTMENT.

Brig. Gen. Enoch H. Crowder to be Judge Advocate General with the rank of brigadier general.

APPOINTMENT IN THE ARMY.

CHAPLAIN.

Rev. Adolf John Schliesser to be chaplain with the rank of first lieutenant.

POSTMASTERS.

ILLINOIS.

Harold M. Oakford, Walnut.

KANSAS.

W. L. D. Hagan, Newton.

John A. Lindahl, Enterprise.

KENTUCKY.

William P. Kirtley, Horse Cave.

MICHIGAN.

John D. Burgess, West Branch.

William Grant Howard, Marion.

NEW JERSEY.

Robert L. De Camp, Westfield.

OHIO.

Frederick M. Bushnell, Mansfield.

Mrs. Mary K. Long, Medina.

James E. Sullivan, Lima.

PENNSYLVANIA.

David V. Hays, Burgettstown.

HOUSE OF REPRESENTATIVES.

WEDNESDAY, January 20, 1915.

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

Our Father in heaven, as the shadows lengthen and we feel the touch of time, we are altogether reassured that Thy providence has shaped and guided our lives and brought us in thought and deed closer to Thee in the broader, truer faith, in the brighter, clearer hope, in the stronger ties of love for Thee and our fellow men. Continue thus, we pray Thee, to lead us "Till we all come in the unity of the faith, and of the knowledge of the Son of God unto a perfect man, unto the measure of the stature of the fullness of Christ," and all praise be Thine forever. Amen.

The Journal of the proceedings of yesterday was read and approved.

HOURLY OF MEETING TO-MORROW.

Mr. UNDERWOOD. Mr. Speaker, at the request of the chairman of the Committee on Military Affairs, in order to expedite the passage of the Army appropriation bill, which is in his charge, I ask unanimous consent that when the House adjourns to-day it adjourn to meet at 11 o'clock to-morrow morning.

The SPEAKER. The gentleman from Alabama asks unanimous consent that when the House adjourns to-day it adjourn to meet at 11 o'clock to-morrow morning. Is there objection? [After a pause.] The Chair hears none, and it is so ordered.

S. W. LANGHORNE AND H. S. HOWELL.

Mr. EVANS. Mr. Speaker, I ask unanimous consent for the present consideration of the resolution which I send to the desk to be read by the Clerk.

The SPEAKER. The Clerk will report it.

The Clerk read as follows:

House resolution 706.

Resolved, That the Senate be requested to furnish the House of Representatives a duplicate copy of the bill (S. 2334) for the relief of S. W. Langhorne and the legal representatives of H. S. Howell, the same having been lost or destroyed since its reference to the Committee on Claims of the House.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

Mr. STAFFORD. Mr. Speaker, does that provide for a duplicate engrossed copy?

The SPEAKER. If it does not, it ought to. Without objection, the word "engrossed" will be inserted in the resolution before the word "copy."

There was no objection.